Egypt ..... E£1.00	Lebanon .. £1 6.00	Spain ..... Pts 90
Finland ... Fmk 5.00	Luxembourg . LFr 35	Sweden .. Skr 6.50
France ... Fr 5.00	Malaysia ... Rm 4.25	Switzerland . SwFr 2
Germany . DM 2.00	Morocco ... Dh 6.00	Tunisia .. Din 0.500
Greece ...... Dr 55	Netherlands . Fl 2.25	Turkey .... L 130
India ..... Rup 15	Norway .. Nkr 6.00	U.A.E. .... Dh 6.50
		U.S.A. $1.50

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INTERNATIONAL MARKETS: Section III

NEWS SUMMARY

GENERAL

HK gets voice in talks on its future

Hong Kong is to be given an independent voice in negotiations between Britain and China over its future.

The Governor, Sir Edward Youde, who will soon take part in formal talks with China, is in London for talks.

Hong Kong officials have felt that they were being kept in the dark about developments. Now the territory's executive council is to have the right to contribute towards proposals.

Britain's lease over most of the territory runs out in 1997, but China does not recognise the treaties which made Hong Kong island British. Page 14

Arab visit 'back on'

The Arab League delegation visit to Britain, put off because of strained relations over the proposed inclusion of a Palestine Liberation Organisation member, is now believed to be "on" again. PLO leader Yasser Arafat said in Aden that a Palestinian from the PLO would meet the Queen and Britain's Premier. Page 14

Chirac campaign

The neo-Gaullist RPR, largest French Opposition party, headed by Jacques Chirac, committed itself to wholesale denationalisation as part of a "recovery" programme after Socialist rule. M Chirac, back from a U.S. visit, has launched a campaign for next month's municipal elections and to restate his ambitions for the presidential election in 1988. Page 2

Reforms delayed

Last week's wave of jail revolts in France is preventing the carrying out of promised reforms, say officials.

Life jail for 32

Life imprisonment was given to 32 Red Brigades members found guilty of involvement in the kidnapping and murder of former Italian Premier Aldo Moro, and other terrorist actions, including 16 other murders. Five of the 63 tried were found not guilty. Others received sentences between seven months and 30 years. Page 2

Negotiations threat

An Israeli soldier was injured when a bomb exploded near the hotel at Khaldi, Lebanon, where the ninth round of Lebanese-Israeli-U.S. negotiations on Israel's withdrawal from Lebanon began later in the day.

Iraqi Minister goes

Iraqi Foreign Minister Saadoun Hammadi, believed to be ill, has been replaced by Deputy Premier Tareq Aziz.

Hijackers' retrial

Turkey's Supreme Appeals Court overturned a lower court acquittal of three Soviet hijackers of German descent, and ordered a new trial.

Flying telescope

An $80m flying telescope, a U.S.-British-Dutch project is due to be launched today from Vandenberg Air Base, California, to travel on a near-polar orbit, 560 miles above Earth, to search for unknown stars hidden from Earth by dust clouds.

Briefly . . .

Hungarian wife gave birth to quins in Budapest.

Tanzania ordered a crackdown on bandits at Mwanza on Lake Victoria.

International lines to Lagos were cut by a blaze in the Nigerian telecommunications headquarters.

BUSINESS

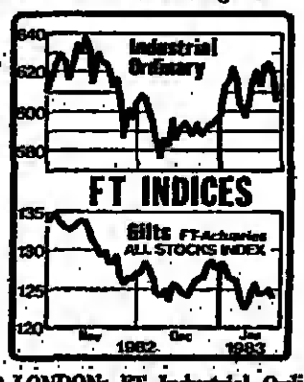
Troubled Renault in new peace bid

● RENAULT, the French state car maker, which has lost production of nearly 25,000 cars as a result of a strike at two major plants outside Paris, has offered to re-negotiate its job classification system in an attempt to break the deadlock. Page 2. The group is to recall 100,000 R-18 and Fuego models built in late 1980 and 1981 because of a possible brake fault.

● STERLING fell 2.65c to $1.5405, to DM 3.8025 (DM 3.8325) and FFr 10.76 (FFr 10.845), was unchanged at SwFr 3.125, and edged up to Y370.75 (from Y370.5). Its Bank of England trade-weighted index dropped from Friday's 82.8 to 81.8. Page 30

● DOLLAR rose to DM 2.467 (DM 2.446), FFr 6.985 (FFr 6.9275), SwFr 2.0275 (SwFr 1.994), and Y240.6 (Y236.5). Its trade-weighted index went up from 119.8 to 121.4. Page 30

● GOLD fell $7.5 in London to $476, by $7.5 in Frankfurt to $476.25, and by $7 in Zurich to $475.5. Page 25. The FT Gold Mines index fell 38.8 to 601.2 on U.S. sales. Page 23



● LONDON: FT Industrial Ordinary index fell 13.7 points to 605.7. Government Securities showed falls averaging more than 1.5 per cent, and the FT-Actuaries British Government All-Stocks index fell by 1.67 per cent to 121.88. Page 23

● WALL STREET: Dow Jones index closed 22.81 down at 1,030.17. Page 24

● TOKYO: Nikkei Dow index dropped 58.37 to 7833.59, and the Stock Exchange index fell 3.94 to 575.95. Page 24

● HONG KONG: Hang Seng index moved up 7.61 to 879.6. Page 24

● AUSTRALIAN all-shares index eased 3 points to 537.6. Page 24

● FRANKFURT: Commerzbank index was 10.5 off at 728.3. Page 24.

● EEC Foreign Ministers agreed on a compromise formula designed to persuade the European Parliament to release funds to pay Britain's latest rebate. Page 2

● DUTCH unemployment reached a record 14.7 per cent in December at 644,000, almost double the total a year before.

● FRANCE'S trade surplus on manufactured goods fell from FFr 42.5bn in 1981 to FFr 19.3bn ($2.76bn). Page 4

● MERRILL LYNCH, the U.S. securities group, had an exceptionally good last quarter in 1982, when its income was $142m, 150 per cent up on 1981, and taking its year's income to $309m (52 per cent up). Page 15

● THYSSEN, the West German group, plans to detach its loss-making steel division into a separate company to look for merger possibilities. Page 15

● ARMCO, the fifth largest U.S. steel company, had a net 1982 loss of $345m, $183m in the last quarter when it spent $130m on closing some carbon steel operations. Page 15

● CARLTON and United Breweries of Australia has paid almost A$25m ($24.5m) for 19.7 per cent of J. Gadsden, Australia, a packaging group. Page 16

Oil prices set to drop as Opec fails to fix quotas

BY RICHARD JOHNS IN GENEVA AND RAY DAFTER IN LONDON

OIL PRICES looked set to drop last night as a crucial meeting of the Organisation of Petroleum Exporting Countries (Opec) ended in failure to agree individual production rates. Sheikh Ahmed Zaki Yamani, Saudi Arabia's Oil Minister, said that North Sea producers were likely to lead a worldwide reduction in prices.

The prediction triggered a sharp drop in spot oil prices as well as a fall in the value of oil company shares on the London Stock Exchange. Sterling also weakened further against the dollar and other currencies.

Opec ministers, meeting in Geneva, agreed in principle to lower their collective output from 18.5m barrels a day – a ceiling fixed only five weeks ago – to 17.5m b/d in attempt to restore a better balance to the glutted world oil market. But they failed to agree on a system of individual production quotas needed to achieve this end.

The agreement failed on the vexed question of adjustments to premiums charged for high quality crudes produced by Algeria, Libya and Nigeria. Saudi Arabia, among others, wanted the premiums increased from $1.50 a barrel to at least $3 in order to improve the competitiveness of oil produced by Arab exporters in the Gulf.

Although continuing to pledge himself to defending the $34 a barrel reference price charged for Arabian Light oil, Sheikh Yamani suggested that British National Oil Corporation (BNOC) could begin a new erosion of prices by lowering North Sea rates by $2 to $3 a barrel "in a few days."

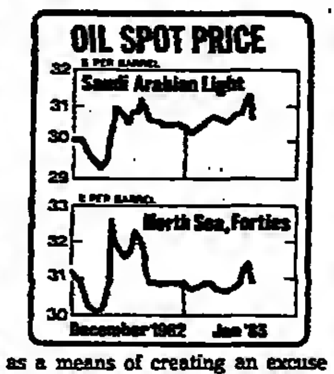
In London, the state-owned BNOC, the leading trader of North Sea crudes, said that it had not yet been approached by producers or customers seeking a price reduction. "We have to wait and see. We can only react to market forces."

British Petroleum, a major producer and consumer of North Sea oil, is among the companies which has already told BNOC that it might seek a change to the UK reference price of $33.50 a barrel in the event of a significant change in market conditions. Last night, BP said it was still considering the implications of the Opec meeting.

But there was an immediate response in the free-trading spot market to the collapse of the Geneve meeting. In London the price of Arabian light crude fell 75 cents to about $30.60 a barrel and North Sea crudes fell by almost 60 cents to around $30.85.

Share prices of companies heavily dependent on North Sea production also fell. BP shares closed at 318p, down 18p on the day and shares of London and Scottish Marine Oil fell 36p to 284p. Shares of newly-"privatised" Britoil also dropped, by 5p to a partly-paid price of 57p.

Traders and oil industry analysts did not feel that there was an immediate prospect of a rapid collapse of oil prices. Some argued that Sheikh Yamani was trying to talk down North Sea prices in a bid to shock other Opec members. Others saw it as a means of creating an excuse for lowering Saudi prices.



On the question of the North Sea price, Sheikh Yamani enigmatically left his listeners with the impression that Saudi Arabia and its allies, which have more or less observed the Opec price structure set in October 1981, would not be unhappy with such a cut.

Lowering of prices by BNOC could lead to the administration of the kind of therapeutic "shock" the Saudi-led camp within Opec believes might be necessary, despite the risks entailed for all producers, if recalcitrant members are to be brought into line. Arab producers of the Gulf are acutely aware that if they initiated a "downward realignment" of prices, they could prompt a general tumble with fateful consequences for all producers and the international banking system, quite apart from the UK Treasury. In all quarters, there is smouldering resentment about Britain's refusal to limit output.

Sheikh Yamani drew attention to the increased pressures on Nigeria as a result of lower North Sea prices and also discounting by other members of Opec (in particular Libya though he did not mention it by name), pointing to the implications if the hard-pressed West African producers cracked.

In this connection he confirmed implicitly that the Kingdom had given aid to it but did not reveal how much and in what form beyond saying "I think we did quite a lot."

As a result of the deeper split between the Arab producers of the Gulf and other members, with Nigeria and Indonesia hovering uneasily in the middle, the producers association has in effect reconciled itself to another month or so of muddling through a slack market. There are tentative plans for another meeting some time in March, by when the whole complicated issue of differentials might have been thoroughly considered by all the 13 member states.

Arab producers of the Gulf insist that the differential for their high grade crudes – with their high gravity, low sulphur content and proximity to the markets of West Europe and the U.S. – should be increased from $1.50 to "at least $3–$3.50" per barrel in the words of Sheikh Ali Khalifa al Sabah, Kuwaiti Minister of Oil. He stressed strongly that any production sharing system would have to be supported by cessation of price discounting and proper price differentials, with the

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Sterling hits all-time low against dollar

BY JEREMY STONE IN LONDON AND PAUL TAYLOR IN NEW YORK

STERLING suffered a double battering on the foreign exchanges yesterday. It had already slipped to a record low rate against a surging dollar when the markets were rattled by news that Sheikh Yamani, the Saudi Oil Minister, had predicted a sharp fall in the price of North Sea oil.

Within minutes, sterling had dropped by a further cent. At one stage in London, it was quoted at $1.5325, its lowest ever parity against the dollar. The pound recovered later as profits were taken against the dollar, towards the end of trading, but its close, at $1.5405, was still the lowest ever recorded.

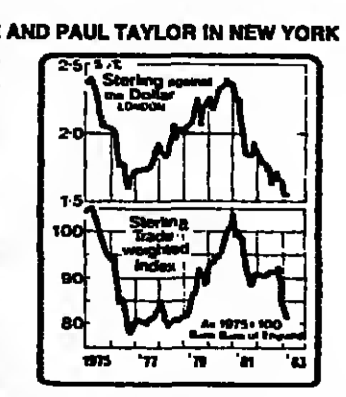
On Wall Street, meanwhile, share prices plunged in early hectic trading on fears of higher interest rates and concern over the possible implications of Opec's failure to reach agreement.

The convergence of a package of bad news sent the Dow Jones industrial average tumbling to around its lowest levels since mid-December, as investors scrambled to get out of the market.

At one point, the Dow index was down about 30 points, with declining stocks outnumbering advances by about 20 to one, in a broad-based sell-off which left the New York Stock Exchange ticker tape trailing by up to 20 minutes late.

By early afternoon the Dow had recovered marginally and was lower by 27.04 at 1,025.94.

In London, sterling had been firm against continental currencies. But Sheikh Yamani's remarks during the afternoon precipitated some selling against the D-Mark and the French franc. The pound closed 3 pfennigs lower in London at DM 3.8025, having started the day on continental markets at DM 3.85.



Sterling's effective exchange rate (calculated by the Bank of England against a trade-weighted basket of currencies) fell by a full point to close at 81.8 (1975 = 100). This was the first fall since the foreign exchanges rallied after the London clearing banks raised their base rates as the Prime Minister returned from the Falklands on January 12.

Other financial markets in London reacted nervously:

Gilt-edged stocks were marked down by as much as 2¼ points.

Continued on Page 14

Nakasone pledges wider global role for Japan

BY JUREK MARTIN IN TOKYO

MR. YASUHIRO NAKASONE, the Japanese Prime Minister, yesterday promised a greater Japanese sensitivity to international concerns and a more vigorous global role reflecting its position as the second largest economic power in the free world.

Addressing the Diet (parliament), in what amounted to a "state of the union" message, Mr Nakasone's theme was that Japan "is today at a major turning point in its post-war history," because of an entirely different and potentially less favourable set of international circumstances.

"It must be understood," he said, "that to err in our response is to orphan Japan in international society. In responding to this time of turmoil, we should review our basic institutions and arrangements anew with a fresh mind, holding nothing taboo."

The specifics that the Prime Minister then outlined have become a familiar part of his political litany both while at home and overseas, as was most evident in his trip to the U.S. last week. They included:

● Resisting global protectionism, which would drag Japan into "severe recession" and the world into "inevitable economic decline." Mr Nakasone maintained that opening the Japanese market further to foreign goods was one way Japan could forestall the protectionist onslaught; so was active Japanese involvement in international co-operation on a scale previously not practised.

● Recognising that strengthened friendly ties with the U.S. were "the cornerstone" of Japanese foreign policy. To this end, he said "it was necessary to continue actively to promote various measures from comprehensive security considerations as well as firmly maintain the Japan-Unied States security arrangments and to seek to achieve a high-quality defence capability within the limits of that needed for self-defence."

● Accepting that the national constitution needs revision. Mr Nakasone's critics charge that this is camouflage for a revival of Japanese militarism, but in his speech to the Diet, the Prime Minister chose to characterise the need for change in more philosophical terms.

"In the 37 years which have passed . . . have we not lost the initial exhilaration of attaining democracy and freedom, come to take our blessings for granted and neglected to protect and foster them? Likewise, are there not a number of systems which we created in the first flush of excitement and which sustained our prosperity, yet which are becoming rigid and losing their fresh vigour?"

Although Mr Nakasone then mentioned institutions as diverse as the national railways and the tobacco monopoly as needing reform, constitutional change is universally assumed in Tokyo to mean rewriting, in some way, the statutory proscription on the national right to belligerency. Over the weekend, the ruling Liberal Democratic Party endorsed the drive for constitutional reform.

But the Prime Minister, in a rhetorical concluding flourish, maintained that Japan needed new flexibility to meet difficult international issues and "without being ostracised to develop a new face as a Japan open to, accepted by, and respected by the rest of the world. This is the way to ensure prosperity for future generations."

Grundig may drop Telefunken

BY KEVIN DONE IN FRANKFURT

THE PROPOSED takeover of Telefunken, the heavily loss-making AEG-Telefunken consumer electronics subsidiary, by Grundig, the market leader in West Germany, was thrown into confusion last night by reports that Grundig had decided to pull out of the deal.

Negotiations between the companies reach a climax today with a final meeting of senior executives due to take place at the Grundig headquarters in Fürth/Nuremburg.

Neither AEG nor Grundig would confirm news agency reports that Grundig had decided to withdraw from the takeover for which it signed a letter of intent last July.

The agreement in principle between AEG and Grundig centred on Grundig taking a 26 per cent equity stake together with full management control of Telefunken. A further interest of 49 per cent was to be taken over by a West German banking consortium led by Dresdner Bank.

The preliminary agreement was reached days before AEG's financial difficulties forced the parent company to seek court protection from its creditors on the grounds of insolvency. Grundig later confirmed its intention to press ahead regardless with the Telefunken deal in December and the takeover has also been approved by the cartel authorities.

Doubts had already surfaced over the Grundig rescue of Telefunken, however, in the wake of the announcement by Thomson-Brandt, the French state electronics group, that it was negotiating to take a 75 per cent stake in Grundig.

Grundig itself is facing mounting difficulties in the European consumer electronics market, particularly, in the face of fierce Japanese competition in the video recorder sector. Grundig, which is already 24.5 per cent owned by Philips of Holland, has been seeking a so-called "European solution" to its problems.

Dr Max Grundig, the company founder who still controls 75.1 per cent of the group, has sought to foster greater co-operation in the European industry in order to counter the Japanese threat. Thomson's proposed takeover of Grundig has

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Atlantic air fares gap widens

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

FIRST and business class air fares between Western Europe and the U.S. are likely to rise about 5 per cent from April 1 as a result of a meeting of all the scheduled and charter airlines flying the routes.

A substantial majority of the 21 countries attending the meeting in Florida, arranged by the International Air Transport Association (IATA), agreed to the changes. The main exceptions were France and Italy, where agreement has still to be reached. The Scandinavian countries which did not attend were not represented.

The increases, details of which are still being worked out by the airlines, contrast with the reductions of up to 30 per cent in the already discounted Advanced Purchase Excursion (Apex) return rates which will be introduced on the UK-U.S. routes by British Airways, Pan American and Trans World from April 1.

Cheap UK-U.S. Apex rates already agreed will also become effective on April 1 between other European countries and the U.S.

The rises, which IATA describes as "modest," are planned in the first class and business class fares and will widen still further the gap between the upper and lower end of the market. Cheap-fare cuts, already approved by the UK Civil Aviation Authority, will bring down the Apex return rate between London and New York from £385 to £329, and that between London and San Francisco and Seattle from £534 to £449.

New rates will last for a year (except in the Benelux countries where they apply to the end of October) unless sufficient airlines feel further adjustments are needed.

Approval for cheaper Apex fares follows a fall in the number of passengers flying between Western Europe and the U.S.

Future riding on 757, Page 10

CONTENTS

Chirac pledge to sell state holdings

By David Housego in Paris

THE NEO-GAULLIST RPR, the largest of the French opposition parties, has committed itsell to wholescale denationalisation as part of o "recovery" programme in France for the aftermath of Socialist rule.

The 60-point programme was launched by M Jacques Chirac, the Mayor of Paris and RPR leader, and enthusiastically endorsed by a crowd of close to 100,000 at a special Congress outside Paris on Sunday. It is the first time the RPR has sketched out in any detail what it would do in power.

Fresh from his visit to the U.S., M Chirac sought both to inaugurate his campaign for next month's municipal elections and to restate his ambitions as a Presidential candidate in 1988.

The programme would appear to cut the ground from any possibility ol the Gaullists compromising – as at one point seemed possible – with the Socialists in the event of the Communists abandoning the government. Former President Giscard d'Estaing also took the same line at the weekend of uncompromising hostility when he said that there could be no support for "policies harmful" to France but extended a welcoming hand to those disappointed with or deceived by Socialism.

The hardening tone of the opposition has gone hand In hand with the Government's declining popularity and the approach of the municipals. But there is little sign as yet that public opinion is ready lor the radical reversal ol policy that M Chirac is proposing.

M Chirac said that companies to be denationalised would include not only those taken over under the Socialists but those which in previous years had come under state control.

"Privatisation," he declared, would be achieved by a number of means: offering to exchange "compensation" bonds resulting from nationalisation for shares in companies; the selling of state held shares on the financial markets; or the transfer of shares to employees as part of a genuine popular capitalism.

To emphasise the seriousness of its intentions, the special congress decided that within three months of coming to power, a new government would pass decrees providing for denationalisation, the limiting of public sector deficits, lower taxation and more freedom for workers and companies.

Amongst other concrete proposals the congress endorsed a cutback in the number of public sector employees; limits on state borrowing and debt; cutbacks in social security allowances; and a reduction in the proportion of tax and social security payments as a percentage of GNP to 40 per cent from 44-45 per cent now.

Why nothing may succeed like failure for Bonn's SDP

BY JONATHAN CARR IN BONN

NOTHING SUCCEEDS like failure. That could well be the motto for West Germany's Social Democrat Party (SPD) four months after losing government power and six weeks before o general election. The initial depression, which followed the collapse of the coalition with the liberal Free Democrats (FDP), has vanished. In its place is a party which seems to be on a diet of pep pills.

The SPD's congress held last week in Dortmund — in the heart of the "Red Ruhr"—was little short of euphoric. The party's candidate to become Chancellor, Herr Hans-Jochen Vogel, fresh from headline-making visits to Washington, Moscow and Poris, presented a programme for the first 100 days of government as though the election was virtually won.

He promised a personal initiative to help push the super-power talks on intermediate-range missiles towards success. He pledged a programme to fight unemployment, partly financed by a surtax on the better-paid. "Unsocial measures" taken by the present centre-right coalition on rents, student grants and health insurance would be removed. Women wanting jobs would receive a better deal — and German forests threatened by acid rain would be protected.

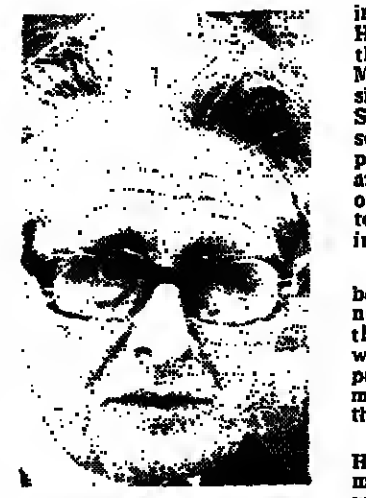
Little wonder that "the comrades" applauded with gusto.

Ironically, if anything cast a damper on this display of Social Democrat delight then it was the speech given by the Socialist President of France, M Francois Mitterrand, in the Bundestag only a day earlier. In the defence and security parts of his address, M Mitterrand took at least as tough a stance as the conservative governments in Washington and London. He warned that a wedge might be driven between Europe and the United States, stressed that the French nuclear deterrent could not form any part of a super-power missiles deal in Geneva, and recalled that a balance of terror was less insecure than no balonce at all.

For quite a lot of SPD listeners, this sounded uncomfortably like an election campaign speech on behalf of Herr Helmutt Kohl, the Christian Democrat (CDU) Chancellor. Herr Kohl's happy smile during the address indicated he was thinking much the same.

It is most unlikely that M Mitterrand (or indeed Britain's Prime Minister, Mrs Margaret Thatcher) will have been encouraged either by the SPD's election campaign programme approved in Dortmund or by Herr Vogel's speech there.

The programme says thot both French and British nuclear deterrents must be taken into account in East-West negotiations olmed at military balance, although Paris and London feel this has already happened in previous super-power talks on strategic arms limitations. And while urging both Moscow and Washington to show flexibility, it underlines that the U.S. cannot stick to its opening bargaining position of autumn 1981. Herr Vogel took up this point in his speech, by calling on Washington to make a "constructive counter-proposal" now that Mr Yuri Andropov, the Soviet leader, had indicated he was ready for compromise.



Herr Hans-Jochen Vogel (right), the West German Social Democrat Party candidate for Chancellor in the March 6 general election, has announced the leadership team from which he would choose his cabinet.

He has been careful to find a balance between the left and centre, and to avoid pinning himself down on exactly which person will have which job.

Key names for tho "Foreign, European and Defence Policy" sector include Herr Hans Apel, a former Defence Minister and o party centrist, and Herr Egon Bahr, a left-winger who was a key negotiator of Bonn's Ostpolitik in the early 1970s.

Other members of the team include Herr Manfred Lahnstein, former Finance Minister, and Herr Heinz Westphal, former Labour Minister. A new name is that of Professor Hans-Juergen Krupp, head of the West Berlin-based German Institute for Economic Research.

It is widely believed that Prof Krupp would become Economics Minister, in the (unlikely event that the Social Democrats won an absolute majority in the election.

One of the oddest things about all this is that the U.S. bargaining position was formed in close consultation with other members of the Western Alliance, not least with the SPD-led Government in Bonn of the then Chancellor Helmut Schmidt. The U.S., to the SPD's delight, came out in favour of the so-called "zero option," which meons that if Moscow destroys all its intermediate-range missiles the West will deploy no Pershing-2 or cruise missiles of its own. Now the SPD seems to be talking as though the "zero option" is unrealistic and adherence to it o sign of inflexibility.

It might be thought that Herr Kohl's Government parties — the CDU, the Bavarian Christian Social Union (CSU) and the FDP — could easily gain electoral advantage from this apparent inconsistency. But the Government forces are squandering the chance by being publicly inconsistent themselves. While Herr Kohl continues to espouse the zero option, his old rival, the CSU leader Herr Franz Josef Strauss, says it is absurd to think the Russians will destroy all their intermediate-range missiles. Herr Hans Dietrich Genscher, tho FDP leader ond Foreign Minister, had earlier adopted a similar public position to Herr Strauss ond urged an "interim solution" in Geneva — some deployment of Western missiles and some destruction of Soviet ones. But he was — at least temporarily — whistled back into line by Herr Kohl.

The Chancellor felt it would be weakening the Western negotiating stand to suggest that anything less than the best was being aimed at. Now the public position of tho Government parties has come apart at the seams.

That would motter less for Herr Kohl if oll other elements of the election campaign were going well for him—but they are not. One major blow has come from the decision of the Union parties not, after all, to repay a supplementary tax being levied on the better paid. The idea was to put these tax funds into building programmes this year and next, then pay back the money from 1987 after—it was hoped—the economy improved. The Union parties agreed with the FDP on the scheme last autumn, but in their campaign platform a week ago they announced that they aimed not to repay the money after all. They arguo that all sectors of society must make sacrifices, and that they had only agreed to repayment under pressure from the FDP.

On the face of it this does not seem as serious an issue as the possible deployment of new nuclear missiles in West Germany. But it could do Herr Kohl a lot of damage all the same. His particular strength has been that of a man known to keep his word, and the CDU is taking advantage of this reputation with its campaign posters proclaiming: "This Chancellor creates confidence." The CDU's abrupt reversal of its position is likely to be felt by many voters to undermine that claim.

That clearly does not mean that the race is already lost for Herr Kohl's coalition. The support which he loses over the tax affair could well flow to the FDP and thus, not vonish for the government alliance as a whole. Latest opinion polls give the CDU-CSU a little less than 50 per cent of the vote, the SPD a little over 40 per cent, the FDP around 4 per cent and the Greens (ecologists and pacifists) about 6 per cent.

There is everything still to play for—but at present the government parties seem to be conducting the election campaign as much against themselves as against the buoyant Social Democrats.

Renault bids to end 3-week-old strike

BY OUR PARIS CORRESPONDENT

RENAULT, the French state-owned car manufacturer yesterday announced a new initiative in an attempt to end the three-week long dispute at two major plants outside Paris that has cost it nearly 25,000 cars in lost production.

At the Flins plant, where the Renault 5 and 18 are produced, 10,700 workers remain laid off. At Billancourt, the management is due today to decide whether to lay off 4,000 workers as a result of the strike which began in the paintshop but has spread to other parts of the plant where the Renault 4 is built.

Strike action has also spread to the Citroën plant at Levallois on the outskirts of Paris, to the Peugeot factory at Gennevilliers and the Chausson subsidiary of Renault at Gennevilliers which manufactures small vans.

The new management offer, presented by M Bernard Hanon, the head of the company, is for a renegotiation of the whole, complex job classification system within the car industry

The job classification scheme has been at the centre of much of the frustration amongst the assembly line work force. Workers consider it anachronistic and imposing unfair limits on what they can earn. Renault said yesterday that it was ready for the setting up of a joint commission with unions to settle the most urgent problems

Ten on trial over Solidarity's radio

BY CHRISTOPHER BOBINSKI IN WARSAW

MR ZBIGNIEW ROMASZEWSKI, a member of Poland's Solidarity leadership, and nine other people went before a military court here yesterday charged with organising illegal transmissions of "Solidarity Radio."

Mr Romaszewski, who was arrested last August 31, has claimed credit for organising the radio network which first went on the air last April. It has put out programmes in various towns since then but regular transmissions in Warsaw ceased last summer.

The network is based on small UHF transmitters attached to a tape recorder which were placed at the top of high rise buildings and switched on automatically for transmissions usually lasting about 10 minutes.

In November the police in Warsaw arrested a man now accused of building the transmitters. The party newspaper Trybuna Ludu said yesterday they were constructed from parts 90 per cent of which are obtainable in Poland.

Budget compromise to be put to MEPs

BY JOHN WYLES IN BRUSSELS

EEC FOREIGN ministers yesterday agreed on a compromise formula designed to persuade the European Parliament to release the funds needed to pay Birtain's latest rebate from the Community budget.

Mr Francis Pym, the UK Foreign Secretary, however, fought to restrain his colleagues from giving in to all the Parliament'a demands.

Paradoxically, his stand could prompt the assembly to reject a supplementary budget which contains the £490m necessary for the British rebate.

Rejection would almost certainly trigger unilateral action by Britain which has warned that it may withhold some of its EEC budget payments if the money is not in London by the end of the current financial year on March 31.

With Community budget ministers due to meet the Parliament's budget committee here tomorrow, foreign ministers had to decide yesterday how far they would go towards satisfying the Parliament's demand that there should be no more short-term deals to reduce Britain's budget contributions.

Mr Pym was most anxious to prevent his colleagues endorsing a European Commission declaration backing the Parliament's view that this perennial problem should be solved through o reform of EEC finances and the development of new Community policies.

While fully supporting these objectives, he wanted to add words which made it clear that the Council of Ministers believed that at least one more short-term arrangement for the UK would be needed, even if all the ogreements demanded by the Parliament were reached in record time.

The final compromise may well be considered inadequate by the Parliament. On the one hand, tho Council adopted a form of words broadly in line with tho Commission's declaration. On the other, it recorded in its minutes that these words did not alter member governments' commitment of last October to make at least one more special orrangement reducing Britain's budget poyments in at least 1983-84.

Mr Pym said afterwards that he had wanted to make sure that the Parliament was not misled into believing that the supplementary budget morked the end of special arrangements for the UK.

Herr Hans Dietrich Genscher, the West German Foreign Minister and current president of the Council, had undertaken to explain this to porliamentary leaders, he added.

Eanes pins hopes on election

By Diana Smith in Lisbon

PORTUGAL'S President Antonio Ramalho Eanes has provoked an angry reaction from the ruling Democratic Alliance (AD) by deciding to dissolve parliament and call an early general election after the outgoing Balsemão government has steered the 1983 budget through parliament.

The Social Democrats, led by Sr Francisco Balsemão, voiced total disagreement with the President's decision to reject an AD government that, they say, is backed by an undiminished parliamentary majority. The largest party in the AD, the Social Democrats raised doubts about the sort of caretaker government Portugal will now have.

General Eanes made it clear in his announcement that he wants to see the political scene clarified so that Portugal's grave economic problems can be faced. He felt that the AD no longer had the weight and coherence for this task.

A caretaker period, followed by a long election campaign with results unlikely to grant a clear majority to any party, raises questions about the degree of future clarity that can be expected.

Portugal's small, weak economy, characterised by a large public sector, a weak industrial and agricultural base and heavy reliance on imported goods and funds, ran into a particularly bad patch in 1982: demand overheated, production stagnated and the balance of payments deficit hit $3bn or 14 per cent of the gross domestic product.

Gold reserves help cool attitudes towards a foreign debt of more than $12bn, which is equivalent to more than 50 per cent of Portugal's modest GDP. However, lack of defined policies, and the prolonged absence of a 1983 budget have increased pressure on foreign borrowing.

Portugal would not be able to scrape by indefinitely on short and medium-term loans while the economy is handled by caretaker regimes.

Portugal lived without a budget for months during past crises, when ministries received sparse monthly funds. But in those days, the current account deficit and foreign debt were smaller.

Failure to enact reforms while the AD enjoyed a solid parliamentary majority, and the wasting of time on infighting in the coalition, has left the country less able to cope with economic improvisation.

The Portuguese in recent years demanded and often got long terms and small spreads over Libor in foreign borrowing, which has helped their debt management. But this picture is changing: sell downs on last year's large loans met resistance from smaller banks who show signs of allergy to rates that bring them no profit, demanded by a country that is in no position to exact fine terms.

Portugal's creditors do not seem nervous at this time. But they are looking for a sign of economic discipline, such as the measures recommended by the Bank of Portugal to increase the rate of crawling peg devaluations, raise interest rates and worsen the surcharge on superfluous imports. Many observers felt Sr Balsemão should have delayed his resignation until these measures could be enforced and the 1983 budget passed through Parliament.

Thin times for Irish food industry

BY BRENDAN KEENAN IN DUBLIN

THE DIFFICULTIES facing the Irish food industry were brought sharply into focus yesterday when dealings in the shares of Ranks (Ireland) were suspended on the Dublin Stock Exchange.

The move followed an announcement last week that the company, which is 74.5 per cent owned by Ranks Hovis McDougall, was to stop flour milling in Ireland, and lay off three-quarters of its 450 employees.

The company blames cheaper imports from Britain, which last year rose from practically zero to take 15 per cent of the market.

Its problems, however, are just part of a competitive crisis affecting the Irish food industry, especially soft drinks, processed foods and confectionery. Large British manufacturers, facing reduced demand at home, have found it useful to divert part of their production to the Irish market at very keen margins.

Mr Patrick Jordan, of the Food, Drink and Tobacco Committee of the Confederation of Irish Industry, said yesterday that Ireland suffered from high energy and labour costs and because of the relatively small market could not benefit from economies of scale.

"A survey we've just completed shows an alarming loss of competitiveness by the Irish food industry," he said.

The 70,000 tonnes which Ranks produced in its Dublin and Limerick mills represented a third of the Irish market. The question now is whether the company can continue in business with its remaining activities, which include a bakery and a flaked oatmeal plant.

The companies, Ranks and Odlum's, had 70 per cent of the Irish flour milling business between them and the Ranks closure will bring some relief to the rest of the industry, but the problem of British imports remains. Irish millers recently had to forego a price rise of I£16 (£14) a tonne and instead cut their prices by I£8 to compete with the imports.

Mr Seamus Funge, the Ranks (Ireland) company secretary, said the Government should have taken action against imports but Dublin believes this would be impossible under EEC free trade rules. Officials, however, consider the rest of the industry can survive.

John Edwards, Commodities Editor, writes: According to British flour millers, the inroads made into the Irish market are quite simply the result of Irish industry being uncompetitive. The Big British milling companies, faced with a slack domestic market, saw an opportunity to break into Ireland. For example, they are able at the moment to offer baker's flour in Ireland at some £25 a tonne cheaper than domestic millers

Unemployment at record level in Netherlands

By Walter Ellis in Amsterdam

UNEMPLOYMENT in the Netherlands reached its highest ever level in December, with 14.7 per cent of the workforce registered jobless.

The number out of work, at 644,000, is almost double the total of a year ago, and the rate of increase is the fastest in the European Community.

The Organisation for Economic Co-operation and Development recently forecast o rise this year to 17.5 per cent, while estimotes in the country itself have looked ahead gloomily to a jobless total close to 1m.

● The Dutch Government has confirmed that it is to lighten Dutch corporate tax in respect of the 1982 and 1983 financial years by a total of Fl 1bn (£240m).

German car makers recapture home ground

BY KEVIN DONE IN FRANKFURT

THE West German motor industry is battling to avoid a fifth year of recession in the domestic car market following a further fall of 7.5 per cent in new car registrations in 1982.

After a decline of 1.5 per cent in 1979, 7.5 per cent in 1980 and 4 per cent in 1981, new car registrations dropped again last year to 2,155,537 compared with 2,330,335 in 1981, falling to the lowest level since 1975. Registrations peaked at 2.66m in 1978.

Despite the recession in the home market West German car producers managed to increase production in 1982, thanks to strong demand from export markets in the first half of the year.

Final figures have not yet been released but West German car output is understood to have risen by 4-5 per cent last year offsetting a fall of 4-5 per cent in commercial vehicle production.

Despite the overall fall in domestic car sales West German car manufacturers succeeded in winning back lost ground from foreign makes. Imported cars had a market share of only 24.9 per cent compared with 27.2 per cent in 1981.

The share of Japanese cars in the West German market – Japan is the leading importer ahead of France and Italy – shrank slightly to 9.8 per cent compared with 10 per cent a year earlier. The number of Japanese cars sold in the Federal Republic fell overall by 9.4 per cent to 211,214.

French car makers took 7.9 per cent of the market compared with 8.8 per cent a year earlier, while Italian producers boosted their share marginally to 4.9 per cent from 4.7 per cent in 1981.

The Volkswagen/Audi group remains the unchallenged market leader with a share of 29.3 per cent although its share has fallen from 30.4 per cent in 1981.

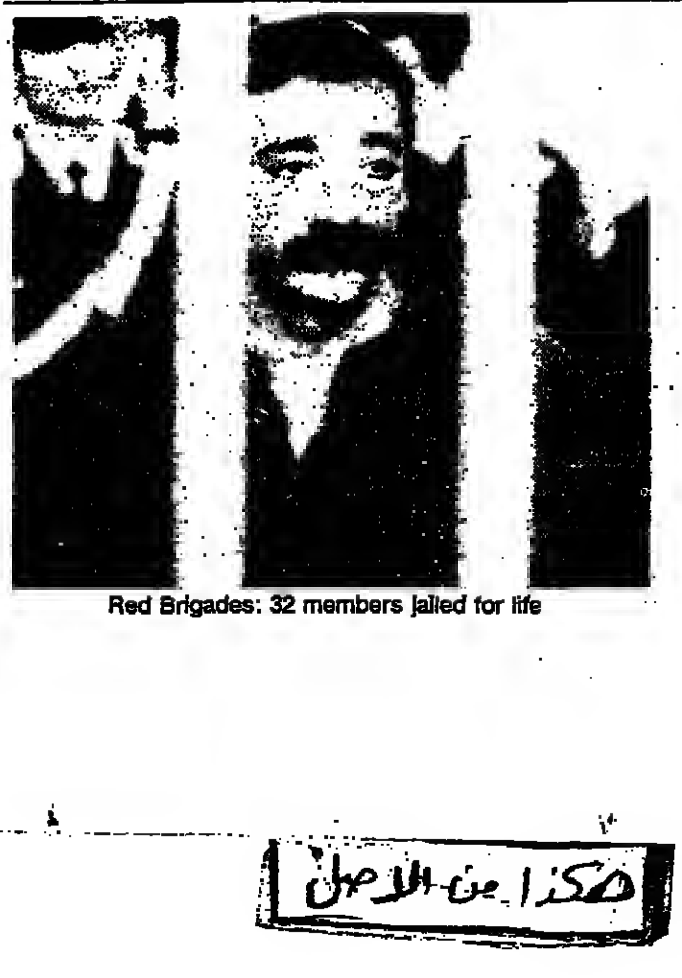
VW, which was forced to impose extensive short-time working in its domestic car plants in the second half of last year in order to cut back output in line with falling demand, is expected to introduce a new version of its best selling Golf model at the Frankfurt International Motor Show in the autumn.

The VW Golf remained the most popular car in West Germany last year with sales of 198,401 compared with sales of the Opel Kadett of 188,112.

Opel enjoyed a successful year in the West German market increasing its market share to 18.1 per cent from 15.9 per cent in 1981. By contrast Ford's overall share of the market – including imports of the Fiesta model from Spain – fell to 11.2 per cent from 11.7 per cent in 1981.

Daimler-Benz increased its overall share of the car market to 10.8 per cent from 10.6 per cent in 1981 and is expected to further improve its share this year following the launch of the smaller compact Mercedes-Benz 190. BMW also increased its share marginally to 5.9 per cent from 5.8 per cent in 1982.

The general recession in West German industry inevitably hit hard into commercial vehicle sales with new truck registrations falling by 18.5 per cent to 96,951 following a fall of 17.2 per cent in 1981.



Red Brigades: 32 members jailed for life

Life sentences for Aldo Moro's killers

BY JAMES BUXTON IN ROME

THIRTY-TWO sentences of life imprisonment were handed out yesterday to members of the Red Brigades left-wing terrorist organisation for their part in the kidnapping and murder of former Prime Minister Aldo Moro and in other actions, including a further 16 murders, in Rome.

The sentences ended the trial of 63 people which began last April and involved 100 days of court hearing.

Five people were found not guilty and three more given amnesties. The remainder received sentences of between 30 years and seven months.

Only two people for whom the public prosecutor had requested life imprisonment sentences did not receive them. They were, instead, sentenced to 30 years imprisonment. Six terrorists who had confessed and turned state's evidence were given sentences of between 10 and 16 years.

There was total silence in court when the sentences were read out. Few of the accused had made any serious attempt either to defend themselves or explain the kidnapping and death of Aldo Moro in the spring of 1978.

From the point of view of the authorities, the trial failed to produce much important new information on the motivation and actions of the Red Brigades during the Moro kidnapping.

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AMERICAN NEWS

Chile attempts to renegotiate $2.8bn external debts

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

CHILE IS seeking to renegotiate some $2.8bn (£1.8bn) in external debt falling due for repayment by its commercial banks this year and next, according to Sr Rolf Luders, the country's Finance Minister.

Talks on the request began yesterday in New York where Manufacturers Hanover chaired a meeting of about 12 of Chile's leading international bank creditors.

The meeting, officially described as a "fact-finding" session, is to be followed by further talks between the hanks and the Chilean Government.

Speaking in Santiago yesterday Sr Luders said the Chilean banks owe foreign creditors $1.3bn in principal this year and $1.5bn next.

The country's total foreign debt is put at about $17bn, hut an unusually high proportion of this—64 per cent—is debt incurred hy the private sector, particularly banks.

This has led to growing problems in recent months as the collapse of Chile's domestic economy—output fell by 13 per cent last year—has led to a rash of bankruptcies.

This has put great strain on the banking system, and necessitated state intervention in five commercial banks earlier this month, and the closure of three further institutions.

Expectations in the hanking community yesterday were that the New York talks would eventually lead to a rescheduling of the commercial banking sector's debt foc between three and five years.

Bankers in New York also said that some additional money would be needed to help Chile overcome its present crisis.

Bnt it was hoped that Chile's public sector could be left out of the restructuring. Its debt repayments are put at only around $700m this year—just over half the amount owed by private sector banks.

Argentine arms ban pressure on Reagan

By Jimmy Burns in Buenos Aires

PRESIDENT Ronald Reagan is likely to come under intense pressure from the U.S. Congress in coming weeks to maintain the current embargo on arms sales to Argentina, according to U.S. diplomats in Buenos Aires.

A Congressional delegation led by Mr Michael Barnes, the Democrat head of the House sub-committee on inter-American affairs, left Buenos Aires yesterday convinced that Washington should not lift the arms embargo as long as Argentina remains under military rule.

President Reynaldo Bignone has set November as a provisional date for elections, hut a plan to lift the arms ban before then, as a further step towards repairing damaged U.S.-Argentine relations, is reported to bave gained favour.

The U.S. is prohibited by law from renewing military assistance to Argentina — halted in 1977 during the Administration of Mr Jimmy Carter — unless President Reagan certifies to Congress that human rights practices in Argentina have improved.

IMF pact will hit defence spending

By Hugh O'Shaughnessy

THE Argentine Government's ability to continue with its programme of rearmament after the Falklands hostilities will be drastically curtailed under an agreement signed yesterday with the International Monetary Fund.

In exchange for $2.2bn (£1.4bn) credit Buenos Aires has undertaken to make a major reduction in Argentina's deficit on its domestic budget and the government's foreign expenditure.

The purchase of large quantities of arms by Argentina since the late 1970s and a period of extreme tension with Chile was a major factor in the swift growth of Argentina's foreign debt.

Since the war in the South Atlantic, Argentina has been swiftly replacing the matériel it lost to the British task force.

While the Fund is unlikely to include a cut in the Argentine military budget in the specific conditions it attaches to the $2.2bn credit, it is insisting on a big cut in general government expenditure.

IMF and South Africa, Page 4

Costa Rica in alleged bond issue default

By Our Euromarkets Correspondent

A PROVISIONAL judgment is expected within the next two months in the case in which Costa Rica is being sued for alleged default on an international bond issue by an anonymous Swiss investor.

A first hearing into the case was held by a Geneva court last Friday. It involves a client of Dow Banking Corporation in Zurich who is claiming that Costa Rica failed to meet interest payments on a SwFr 20m (£6.5m) bond issue of which the plaintiff holds SwFr 6m.

The case has assumed immense importance in the Eurobond market because it is likely to determine whether or not bond issues can effectively be exempted from rescheduling operations undertaken by countries with severe balance of payments difficulties.

If the plaintiff wins, Costa Rica will either have to pay the money, risking the anger of other creditors, or face being formally declared in default, triggering cross-default clauses on its $3bn foreign debt.

Ever since Costa Rica first asked for a rescheduling more than a year ago the fate of $125m in international bond issues has been a serious bone of contention in the banking community.

Commercial bank creditors, who are at present discussing a rescheduling of $630m, had previously refused to go along with any payments deferral unless bond holders, many of whom are also hanks, agree to a similar arrangement.

To get round this problem, Costa Rica has proposed a system whereby bond holders would effectively be asked to reschedule their investment through an exchange of securities on a voluntary basis.

But implementation of the arrangement is still awaiting agreement on rescheduling of commercial bank loans.

Technical problems on the commercial bank rescheduling are still being ironed out by Costa Rica and a steering committee of bank creditors led by Bank of America.

Nicholas Hirst in Toronto examines the rifts within the political opposition's ranks

Canadian Tories face leadership dilemma

CANADA'S Progressive Conservative Party meets for its annual convention in Winnipeg tomorrow with the chance of launching itself towards victory in next year's general election or of allowing its ever present internal dissent to ruin the besl chance it has had of gaining a majority government since the 1950s.

The key to the opposition party's success or failure lies in the hands of Mr Joe Clark, its 42-year-old leader. Under the party constitution the 2,000 delegates to the conference will be asked whether they wish to hold a leadership review. Mr Clark's critics are saying he must not just win a simple majority if he is to unify the party. He must also trounce the vocal "Dump Joe" campaign which has grown up against him.

His leadership has been open to question since his minority government was defeated after seven months in office by the Liberals in a general election two years ago.

Next year's election is widely expected to influence the relative strength of all Canada's political parties for the rest of the century. The Liberals, in power for most of the past 50 years, are in disarray, unsure whether to move to the right or the left. The small left-of-centre New Democratic Party has failed to gain support as unemployment has risen.

The Tories, riding high in the opinion polls, see the opportunity of ousting the Liberals as the natural party of government.

The question is whether the Tories can win under the leadership of Mr Clark. Two years ago, at a convention shortly after the defeat of his disastrous minority government, a significant section of the party thought it would do better with someone else. A third of the delegates voted for a leadership review.

This time, he needs to do at least as well and preferably better if he is to silence his critics.

Mr Clark's party opponents argue that be did not win the 1979 election so much as Mr Pierre Trudeau threw it away. They feel that Mr Clark mismanaged the minority government and that he is as incapable of gaining a mandate now as be was when Mr Trudeau won back his majority in 1980.

Mr Trudeau has become deeply unpopular but has said be is going to retire. The Liberals are biding their time. Government announcements this week are being kept to a minimum so that all media attention can be focused on the prospect of the Tories shooting themselves in the foot.

Meanwhile, Mr Clark is facing a Gallup poll, sponsored by his opponents within the party, showing that against Mc Trudeau, he would win an election. But if the Liberals exchange their leader foc Mr John Turner the popular former Finance Minister and a long time heir apparent to Mr Trudeau, Mr Clark would lose. The poll went on to show that if the provincial Tory Premiers of Alberta oc Ontario were to lead the federal party, the Tories would win against any Liberal candidate.

Mr Clark's supporters counter that such hypothetical polls are meaningless and irrelevant. Those who devised the constitutional amendment which brought in the possibility of a leadership review at least every two years are wishing they bad nevec done so because of the divisiveness it bas thrown up.

Mr Dalton Camp, an important backroom power broker and formec party presidents who pushed foc the amendment, is appalled hy the way it is wocking. "The Tories have become, uniquely I believe, a party whose leader is obliged to continue running for the office he holds, until he quits or loses it," be says.

Influential Tories are afraid that the amendment will allow a minority to push out the best leader, for the moment, the party has got.

The "Dump Joe" campaign has as much to do with personalities as policies, but it has its roots on the right of the party. At the same time, a majority within the party is convinced that a right-wing leader would only lose votes. And there can be no guarantee that any of the undeclared candidates in the wings either on the left oc the right of the party would prove a better unifying leader than Mc Clark.

As the convention has drawn closer, powerful Tories have come over to Mr Clark's side convinced that a leadership review would only increase dissent and lessen the party's chance of an election victory. Arms are being twisted and political debts called to get out the vote for Mc Clark.

But his chances of an election victory appear to depend on the size of his majority in the leadership vote. A poor majority can only throw the Tocies into further damaging squabbles.

THE LIBERAL Government in Canada would lose an election if it were called today, M Jean Chretien, the Minister of Energy, told a group of U.S. Congressmen hece in Ottawa in a private luncheon, Victor Mackie reports.

Mr Chretien admitted to the U.S. politicians that unhappiness with the Liberals ratbec than support for Mc Joe Clark, the Conservative leader (pictured above), would bring down the Liberal Government.

Budget and social security will bedevil new Congress

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE 98th U.S. Congress, which resumes work in Washington today, will be dominated by many of the troublesome issues that preoccupied its predecessor.

It will be highlighted by the continuing debate over the Reagan Administration's budgetary policies and bi-partisan efforts to reform the nation's ailing social security system in the months ahead.

The political mood, however, is likely to be very different, with the eyes of both Republicans and Democrats increasingly focusing on the 1984 Presidential and Congressional elections—even though they are still almost two years away.

Both parties interpreted November's mid-term elections as signalling a new mood of disaffection in the country, which will be much more clearly reflected in the new Congress, even though the Democrats only increased their majority in the House of Representatives by 26 seats out of a total 435.

While the Republicans maintain their control of the Senate, the mood of heady Republican optimism that marked the opening of the 97th Congress in the wake of the Reagan landslide two years ago has evaporated.

Increasingly, the search is likely to be for compromise solutions to the nation's problems.

The $168bn (£112bn) seven-year social security package, which has been attacked by the right-wing for increasing taxes and by beneficiaries for reducing payments, will probably face a rough ride, as will the 1984 budget that Mr Reagan is due to unveil next Monday.

Other tough issues include possible job-creation legislation, a new round in the battle over Mr Reagan's MX missile, demands foc protectionist support for U.S. industry, immigration and environmental controls, and old chestnuts such as abortion, school prayer and husing.

Some leading Congressional Republicans are already beginning to pick holes in the budget.

Mr Howard Baker, the Senate majority leader, believes that Congress will insist on defence cuts of as much as $15bn, instead of the $8bn that Mr Reagan is proposing.

Mr Baker also says be opposes the idea of "contingency" tax increases which Mr Reagan is expected to propose from 1986 if the deficit runs further out of control.

FAA runs check on GE aircraft engines

BY PAUL TAYLOR IN NEW YORK

THE U.S. Federal Aviation Administration (FAA) has begun a two-week programme to monitor the inspection of General Electric engines on Boeing 767 aircraft operated by two U.S. airlines, following indications that the engine's bearings may be wearing out prematurely.

The FAA will oversee stepped-up inspections by mechanics for American Airlines and Delta Airlines, who are checking the oil systems of the GE engines looking for metallic chips from the bearings. Metal chips have already been found in eight GE CF6-80 engines used on American Airlines' twin-engined 767s.

Delta also uses the GE engine on its fleet of 767s, the fuel-saving jet which Boeing introduced commercially last September, but bas not reported any problems.

The problem first surfaced in December when two engines on board American Airline flights were closed down as a precautionary measure. The aircraft landed safely.

All American's 767 engines were subsequently replaced by GE and the two failed engines acc now undergoing examination to determine the cause.

The two flawed engines are among 16 GE engines ordered by American for its fleet of 767s which went into service 10 weeks ago. American has three 767s in service on its New York-West Coast routes and another three of the $40m (£26.6m) 211-seater aircraft are due to be delivered this year.

Despite the problems, airline operators appear pleased with the 767 and no safety hazard is seen at present.

Australian opposition casts shadow over foreign bank plans

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE AUSTRALIAN Labor Party (ALP) has reaffirmed its opposition to allowing foreign banks into Australia, raising question marks about a Government plan to let about 10 foreign banks apply for licences.

Mr Paul Keating, Labor's recently promoted spokesman on economic affairs, says the ALP would vote against any legislation introduced by the Government to pave the way for the entry of foreign banks. However, the ALP has not said it would rescind licences, if granted.

Mr John Howard, the Federal Treasurer, said last week that successful applicants for banking licences would have to offer a wide range of services. Further details are due shortly, but the ALP's opposition has cast a shadow over the prospects given that this is an election year.

Mr Keating claimed yesterday that the entry of foreign banks would lead to de-regulation of the Australian financial system, and cost the country control over interest rate, monetary and exchange rate policy.

"I can't see a compelling case for allowing the loss of this national autonomy," he said. "Once the foreign banks are here, they will not be interested in retail banking, or small business, or farm finance or housing."

It is assumed the Government is keen to grant licences to at least three North American banks, three from Asia, including Japan, and at least three from Europe, including Britain.

Mr Keating has called the plan "fairly ill-conceived," despite solid backing from the corporate and financial sectors, if not the Treasury.

He has also expressed concern that Australia should choose the present time to link itself more directly with the "general instability of the international banking system."

Hong Kong may repatriate Vietnamese refugees

BY ROBERT COTTRELL IN HONG KONG

THE Hong Kong Government is considering repatriation of Vietnamese refugees as opportunities for third-country resettlement diminish and fresh boatloads continue to arrive in the colony.

There are now 13,000 Vietnamese refugees in Hong Kong. Of those, 3,400 have arrived since the Government introduced its "closed camp" policy in the second half of last year. Closed camps, intended to deter new arrivals, confine the refugees in prison-type conditions.

A senior Hong Kong Government official emphasised yesterday that repatriation was an eventual possibility, rather than a present intention. The hardening Government line on refugees reflects the failure of the closed camps as a deterrent, coupled with a belief that refugees now arriving in Hong Kong from Vietnam are seeking economic betterment rather than fleeing political persecution.

The Government official conceded that involuntary repatriation would be a "heart-rending business" and that, if it were to go ahead, it would require the co-operation of the Vietnamese authorities.

South Korean economy expected to grow 7.5%

BY ANN CHARTERS IN SEOUL

THE SOUTH KOREAN economy is expected to grow 7.5 per cent in real terms this year and commodity exports are to increase 12 per cent to $23.5bn (£14.8bn), up from last year's $21bn, according to the Seoul government's 1983 economic management plan.

The optimistic projection for GNP growth comes on the heels of last year's 6 per cent growth, and assumes higher domestic consumption, particularly to take up slack demand if exports fall short of their goal.

The plan also assumes the U.S. economy will grow at a rate of 3 per cent and will continue to absorb more than a quarter of South Korea's exports. The target for exports is already a drop from an earlier goal of close to $24.5bn announced late last year.

This year's import bill, at an estimated $25.5bn, presumes that prices on imported commodities, particularly petroleum, will remain at last year's levels.

As imports are still expected to increase by 9 per cent in dollar terms over 1982, several ministries are taking a closer look at how flexible the import figure can be. Some domestic fixed investment and consequent imports may be changed if the world economic recovery slows.

The deficit in the current account is expected to reach $2bn against the 1982 deficit of $2.55bn. This presumes that, for the invisibles account, the interest rate on Eurodollar borrowings remains at 9 per cent.

Israel digs heels in as Habib flies home

By Ihsan Hijazi in Beirut

LEBANON yesterday rejected again Israel's demands for the establishment of early warning stations and for normalised relations, suggesting instead a "framework for a protocol accord to regulate ties" between the two countries, a Lebanese official announced.

Mr Daoud Sayegh said that Mr Antoine Fattal, the chief Lebanese negotiator at yesterday's resumed talks in Khalde, had spoken of "Israel's demands that cannot possibly be accepted without exposing Lebanon's internal and external conditions to critical dangers."

This has become the standard phrase for refusing normalisation and Israeli-manned spy stations for fear of Syrian demands for similar arrangements and an Arab economic boycott against Lebanon.

A Left-wing newspaper, As Safir, reported yesterday that Syria has let it be known it will not pull out its forces, now deployed in the Sanin hilltops in eastern Lebanon if the Israelis retained a monitoring station at the Barouk mountains in the Chouf, south-east of Beirut.

Lebanon went into the talks with Israel expecting little or no tangible results following the deadlock in efforts by Mr Philip Habib, the special U.S. envoy, to secure an early withdrawal of foreign forces from its territory.

Mr Habib flew home yesterday for consultations with his government after he was unable to persuade the Israeli side to change its position.

Lebanese, Israeli and U.S. representatives gathered at the Lebanese Beach Hotel in Khalde, south of Beirut, for a ninth round of the negotiations which started on December 28.

A shell exploded about a hundred metres from the hotel, wounding an Israeli soldier.

AP reports from Tel Aviv: The Israeli military command said the rocket attack near Khalde originated from an area controlled by the U.S. marines. The marines denied the claim.

Baghdad appoints new Foreign Minister

Mr Tariq Aziz, Iraq's deputy Prime Minister, has been appointed Foreign Minister, Baghdad radio announced yesterday. He replaces Mr Saadoun Hammadi, who has been ill for several weeks, Our Foreign Staff writes.

Mr Aziz is a leading member of the Revolutionary Command Council and has for several years acted as Iraq's principal political envoy. His role has broadened since the start of the Gulf war as Iraq has sought to extend its international relations, especially with Western nations. The new Foreign Minister is the only Christian in the upper reaches of the political leadership.

MAIN REASON FOR TRADE DEFICIT DETERIORATION

French manufactured goods surplus falls

BY DAVID MARSH IN PARIS

FRANCE'S traditional trade surplus in manufactured goods fell by half last year as a combination of buoyant French consumer demand and sluggish competitiveness boosted imports and held down exports.

Detailed figures from the Foreign Trade Ministry show that the drastic fall in the surplus on manufactured goods—from FFr 42.5bn in 1981 to FFr 19.3bn (£1.7bn) last year—was one of the main reasons for the overall deterioration in the trade deficit.

The government announced last week that the trade deficit for the year rose to FFr 93.3bn from FFr 48.6bn in 1981. The overall trade figures are on the basis "freight on board" (fob) for both exports and imports, whereas the product-by-product breakdown is calculated cost, insurance freight (cif) for imports and freight-on-board for exports.

According to these detailed figures, the deficit in energy products rose to FFr 178.4bn last year from FFr 161.6bn in 1981. Despite the increase in France's energy bill caused by the strength of the dollar, the annual rise was less than in recent years.

Another cause of the overall increase in the deficit was a slump in the French surplus in farm goods and products of the agro-industrial business. This fell to FFr 14.9bn from the record FFr 21.1bn in 1981.

The figures emphasise the way that the government's reflationary programme in 1981 and the early part of 1982 helped boost consumer demand for goods like cars and electrical products often made more cheaply abroad.

The government took action to dampen demand at the time of the June devaluation of the franc. One of the declared intentions was to lower the trade deficit for 1983 by at least FFr 20bn to FFr 30bn.

In recent months, French ministers have pointed to the sharp increase in imports as a virtue in disguise. M Jean-Pierre Chevenement, the Research and Industry Minister, for instance, has been saying that, far from adopting protectionism, France has been performing a "locomotive" function in Europe by helping to boost the exports of neighbouring countries hit by recession.

The figures partially bear this out. The trade deficit with the EEC doubled to FFr 64.1bn last year from FFr 31.4bn in 1981. Most dramatically, it rose to FFr 38.1bn from FFr 23.2bn vis-a-vis West Germany. With Belgium and Luxembourg the deficit doubled to FFr 6.1bn from FFr 3.3bn, while French trade with Italy swung from a surplus of FFr 3.7bn in 1981 to a deficit of FFr 4.3bn last year.

Underlining success in cutting oil imports—and in boosting exports to the oil states—the deficit with Opec fell to FFr 53.8bn from FFr 61.4bn.

Among the different manufactured goods sectors, the Ministry says that the deficit due directly to spending by households doubled last year to FFr 22bn from FFr 11.6bn in 1981.

● In household electrical and electronics goods the shortfall rose to FFr 10.1bn from FFr 7.4bn, with imports up 26.7 per cent—compared with 20.3 per cent the previous year—and exports up 15.5 per cent (7.1 per cent).

● In the car sector—hit last year by strikes in the French industry at a time of record new registrations—the French surplus dwindled to FFr 7bn from FFr 11.9bn in 1981. Imports rose 40.4 per cent (27.6 per cent in 1981) while exports increased only 9.8 per cent (5.8 per cent previously). A similar story was registered in vehicle parts, where the surplus fell to FFr 13.9bn from FFr 15.3bn

● Consumer goods showed a dramtic deterioration with the shortfall nearly trebling to FFr 11.9bn from FFr 4.2bn. Imports rose 20.3 per cent (8.6 per cent in 1981) while exports increased by 11.1 per cent (13.1 per cent).

● France kept its traditional surplus in the capital goods sector—but it fell to FFr 12.9bn from FFr 16.0bn. In the chemical industry, the surplus of FFr 1.4bn in 1981 swung to a shortfall of FFr 2.8bn last year.

Leyland push into Europe

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LAND ROVER-LEYLAND, the BL subsidiary, has established a company in France with a start-up capital of FFr 8m (£740,000) as part of plans to improve its penetration of Continental truck markets.

Called Leyland Vehicules Industriels, the new concern is based at Gonesse, north of Paris, and will be responsible for all the company's truck activities on mainland Europe except for those in Portugal.

Leyland has also bought an 8,600 sq m site next to the Gonesse headquarters for the development of a parts centre for the Continent.

Mr Peter Fitzsimon, European operations director, who heads the new company, says the strategy will be for Leyland first to establish a firm foothold in France before moving into any of the other major Continental markets.

Sixteen new dealers were appointed in France during 1982, taking the total to 35 and increasing the Leyland geographic cover from 19 to 67 per cent, including the Marseille and Lyon regions.

Sales of Leyland's top-of-the-range T45 "Truck for Europe" model, the Roadtrain, more than trebled in 1982 from 63 to 300. This gave Leyland a 1.4 per cent penetration of the highly-competitive heavy truck market.

"We have overtaken Ford, Bedford, Dodge, MAN and our penetration must be compared with Renault's 1 per cent of the equivalent UK truck market sector," says Mr Fitzsimon.

Leyland has recruited 50 service agents, over and above the 35 dealers, in France and 62 service agents outside France "strategically placed to cover the European TIR routes."

Mr Fitzsimon reckons that Leyland will be very pleased if it can hold truck sales in France at 300 this year in view of the general drop in demand.

However, sales of the new Freight Rover vans, launched last October in France, are going well—100 have been sold so far.

Talks soon on China N-plant

BY COLINA MACDOUGALL

A NEW phase of negotiations on the proposed $6bn, twin 900Mw nuclear power station in China's Guangdong province will begin in March, according to a spokesman for the China Light and Power Company of Hongkong.

Detailed talks will start in Hongkong between the major participants in the project, China Light and Power, and the Guangdong Electric Power Corporation.

In the same month GEC of Britain, which is the front-runner for the contract for the turbines for the plant, will send a team to China for important technical discussions which it hopes will result in a letter of intent.

The Hongkong talks will focus on the establishment of the joint venture, to be called the Hongkong Nuclear Investment Company. They will revolve round the size and share-out of the equity, financing of the deal, other possible participants, the off-take of power by Hongkong, and its price.

The price to the consumer in Hongkong will not exceed what he would have to pay for power from a thermal plant within the territory, the spokesman said.

While GEC is cautiously optimistic that it will reach agreement with the Chinese, it still has to convince Peking's Ministry of Power that it would be the most appropriate suppliers.

The French company Framatome is in line to provide the nuclear element for the plant, and have suggested Alsthom, also French, either as supplier of the generating units or as leader of that project with GEC as sub-contractors. This GEC has declined.

While no contract is likely to emerge at least until the formation of the joint venture company and the completion of further economic and technical studies, Chinese officials say that GEC will be favoured because of the Hong Kong connection. Sixty per cent of the project cost has to be recouped through sales of power to the territory.

Conclusion of a deal on this basis would reflect favourably on the future of Hong Kong, at present under crucial discussion by Britain and China. Sir Edward Youde, governor of Hong Kong, arrived in London at the weekend for talks with Mrs Thatcher, who opened negotiations with China during her visit to Peking in September.

Repayments, always heaviest in the first years, are expected to start when the plant is completed in the early 1990s and run on well beyond 1997, when Britain's lease on Hong Kong's New Territories expires. Hong Kong's economy will need to expand to absorb this big new injection of power, and must maintain a currency worth holding.

Infant food advertising rules to stay

By Brij Khindaria in Geneva

THE World Health Organisation (WHO) has decided not to tighten international rules approved in 1981 banning advertising and promotion for infant foods.

The WHO's executive board said yesterday that the international code on the marketing of breast milk substitutes, a $3bn (£1.8bn) market, should be left unchanged to allow manufacturers more time to bring their practices in line with the code's provisions.

The code's approval by the WHO and the United Nations Children's Fund (Unicef) brought protests from industry in 1981, although it is framed as a set of voluntary guidelines rather than a legally binding treaty.

Nestle, the Swiss food products multi-national, which is the inventor and largest producer of breast milk substitutes, announced that it will obey all the codes, winning praise from both the WHO and Unicef.

It has stopped advertising and the distribution of free samples in developing countries, at the cost of markets lost to rival Japanese and U.S. companies. WHO officials say Nestle is the only company to create an independent commission, headed by Mr Edmund Muskie, former U.S. Senator, to monitor its compliance with the code.

But consumer groups, trying to dissuade mothers from using baby foods instead of breast feeding say that Nestle and other manufacturers have violated the WHO code nearly 15m times, since 1981.

They are lobbying aggressively to persuade governments in both Western and developing countries to pass laws penalising not only advertising but also industry attempts to influence medical staffs by offering gifts or free samples.

EEC faces Third World dilemma

By Larry Klinger in Brussels

THE EEC is facing a serious dilemma in its relations with the Third World over the troubles besetting Stabex, the EEC's grants and loans scheme aimed at stabilising export incomes in commodity-based developing countries.

The 63 African, Caribbean and Pacific (ACP) countries grouped under the EEC's special Lomé trade and aid arrangements, have for several months been calling for an emergency joint ministerial conference on Stabex, but the Community has not yet been able to set a date, although it is considering talks in Brussels either at the end of March or the latter part of April.

Access

The financial support arrangements made under the existing Lomé convention, signed in 1979, last five years. Under them the EEC grants the ACP countries duty-free access for industrial products and special concessions on certain agricultural products.

The ACP nations' concern revolves around the Stabex's shortage of support money, a problem aggravated by budgetary belt-tightening within the EEC which is limiting the funds available to help support Third World imports.

The EEC is well aware that the ACP countries have a genuine concern in demanding talks aimed at overcoming the present difficulties and that the Stabex arrangements, as they stand, are inadequate.

The fear is that an emergency conference now might provoke acrimonious debate which could sour negotiations to start in September on establishing a Third Home Convention to govern EEC-ACP co-operation from 1985.

Given the mood within the EEC member-states that there is no immediate extra money available, the Commission believes the issue can only be sensibly tackled in the context of the overall negotiations towards a Lomé III initial proposals for which are not due until the end of March.

Recession

Following the inception of the first Lomé arrangements in 1975, Stabex worked extremely well in its early years and came to be increasingly praised as a model scheme for North-South co-operation. However, this period covered a time of relatively buoyant and stable commodity prices. Trouble set in when the current world economic recession took hold and raw material prices dropped.

Stabex payments from the EEC to the ACP nations are triggered when a country's normal export receipts drop below a certain percentage of their level over the preceding four years. So when commodity prices plunged in 1980 and 1981 there was an enormous acceleration in demands from the EEC funds.

This meant that Stabex funds fell well below levels sufficient to meet the legitimate demands of the developing countries for two years running, with a further shortfall likely for 1982.

In 1981, only about 25 per cent of the demands could be met, leading to a drastic paring of the original requests and the mobilisation of all of the scheme's "spare cash." In the end around $205m was made available, but this still only covered 43 per cent of scaled-down demands.

The ACP nations argue that the Community should be willing to strengthen the scheme immediately, if only to demonstrate its good faith ahead of the forthcoming Lomé negotiations.

The ACP states recall that, in talks leading to the current 1980-84 arrangements, the EEC "generously" agreed to double the system's coverage but then limited the increase in Stabex aid to around 50 per cent.

Gesture

The ACP states also argue that the Community could still afford to make a significant gesture since the money in question is relatively small. They point out that the 557m European currency units provided for the current five-year Stabex programme (about $622m at average 1981 rates) represents less than 10 per cent of all Lomé aid, embraced under the European Development Bank and the European Investment Bank.

There are growing pressures in the EEC to see that aid is used more effectively for the longer-term.

"It is not just a matter of the level of payments," said a Commission official. "What must be guaranteed is the ACP countries' ability to produce competitively. At the moment, virtually all production of tropical products in Africa is declining and many markets are being lost to Asean and Latin American countries. The real problem may be structural, which, if not solved, would condemn Stabex to bankruptcy."

How South Africa won its billion-dollar battle in the IMF

BY DAVID TONGE AND QUENTIN PEEL

THE MINUTES of a recent crucial board meeting of the International Monetary Fund give a rare insight into how that pivot of the world's financial system decides whether or not to extend a loan to a politically controversial borrower.

The meeting was to decide whether the IMF, already being drawn deep into the problems of Latin America, should lend SDR 1.1bn ($1.1bn) of its liquid reserves to South Africa. The question was made particularly contentious by the 121-three vote 13 days earlier in the United Nations General Assembly that the IMF should not do so.

The IMF argues that it always acts purely on technical grounds. But the minutes of the meeting, held on November 3—obtained by the Anti-Apartheid Movement and then independently verified—reveal the tension that surround loans of IMF reserves to an area of extreme political sensitivity.

Although the argument was conducted almost exclusively in economic terms—the word "apartheid" was mentioned twice, by the U.S. only—the minutes show how the executive directors from the Third World and Arab states lined up on one side and those from the industrialised nations on the other.

They also underline the awareness of all the directors that a country's economic performance cannot be entirely divorced from its political system: in the case of South Africa, the key concern of the board was the "structural rigidity" of the labour market, a direct consequence of legally enforced racial discrimination, delaying an economic recovery.

The debate, which lasted for most of the day behind the heavy wooden doors of the board room on the 12th floor of the IMF's Washington headquarters, focused on two broad issues: whether South Africa was truly in need of IMF support and whether its proposed economic policies were enough to deserve such support.

Ironically, it was the Third World directors who might normally be expected to argue for less stringent conditions to be attached to Fund loans, who were pressing for tougher terms to be imposed. The Western representatives and Fund officials felt South Africa had done enough.

South Africa's latest dealings with the Fund date back to mid-1982 when Pretoria made a confidential approach to the IMF for balance-of-payments support. It argued that its current account deficit (SDR 3.5bn in 1981 and an eventual SDR 4bn in 1982) had soared as gold and diamond prices had fallen, that reserves had fallen sharply and that it would have great difficulty in continuing to borrow abroad in sufficient quantities and on acceptable terms.

In October it made a formal application to the IMF board for two loans—SDR 636m from its Compensatory Financing Facility (designed to deal with falls in export earnings) and SDR 364m under a regular stand-by agreement.

Normally IMF directors are informally told of the despatch of a preparatory IMF mission but M Jacques de Larosiere, the Fund's managing director, said South Africa had asked him to keep total confidentiality—the first time he had received such a request in his four years in office. Executive directors of the Third World combined to argue at the board meeting that the fund had acted with unusual speed and secrecy.

The minutes show the industrialised countries all criticising South Africa's labour policies but favouring the loans. The opposition was led by Mr Yusuf Nimatallah, the Saudi representative. Saudi Arabia's voice in the fund has grown as it has become a major contributor: It has supplied SDR 8bn to the IMF's coffers since April 1981 and is now reportedly close to providing an additional SDR 2bn.

The debate on whether South Africa needed Fund support focused on three areas:

● Pretoria's alternatives. Mr Richard Erb, the U.S. representative, cited IMF staff arguments that South Africa's potential for further borrowing and swaps was very limited and that its debt had grown by 55 per cent in 1981. However, Mr Mohamed Finaish, for Libya, Kuwait and 12 other Moslem countries, insisted that South Africa had made no convincing case that its problems could only be solved by resorting to the Fund.

Its debt service ratio was expected to fall to 7 per cent in 1983, well below that in member countries of similar size and with comparable resources.

For Saudi Arabia, Mr Nimatallah asked why South Africa did not borrow on the capital markets as its credit rating was favourable, its debt service burden very small, its reserves relatively strong and its average income high.

These arguments over Pretoria's need to approach the Fund were made the more intense by disagreement over the gold price used in forecasting South Africa's requirements. IMF staff appear to have accepted the South African forecast of $315 per fine ounce in the months ahead. The day before the board meeting the price had been $431—this year it has averaged $478.

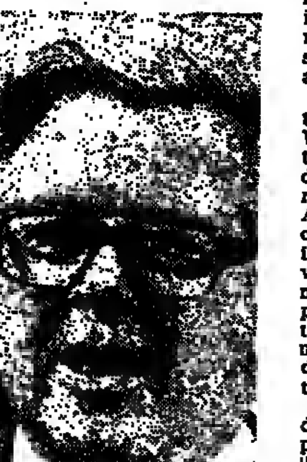
● South Africa's suitability for CFF loans.

The industrialised countries accepted it as a worthy recipient, but Mr A. S. Jayawardena, from Sri Lanka, also representing India and Bangladesh reminded the board that industrial countries had been advised not to use the CFF.

In the debate on the adequacy of South Africa's economic, fiscal and monetary policies the underlying political implications became still clearer: the key arguments were whether there was adequate budget restraint—including the country's heavy defence spending: on whether there was sufficient monetary control—especially in the area of subsidised loans to the white farming community; and above all on whether the Fund should insist on much more radical action to remove artificial barriers to employment, to improve training and job mobility for the black majority—i.e. "structural adjustment" going to the heart of the apartheid system.

On structural adjustment, there was a broad degree of consensus on the need for action, but the directors differed on whether or not it should be a condition of the standby loan. The IMF officials were criticised for failing to pay enough attention to the issue, not only by Mr Nimatallah and Mr Finaish, but also by M Bruno de Maulde of France and Sig Giovanni Lovato of Italy.

"We, like other Executive Directors, believe it right to treat applications from countries for Fund assistance on their technical merits, according to the normal procedures and criteria of the Fund," wrote Sir Geoffrey Howe, Chancellor of the Exchequer (right), on October 29 1982. This was four days before Britain and the major Western countries supported two IMF loans to South Africa.



M de Maulde argued that the staff report lacked "a thorough examination of the greatly needed supply action in the labour market." He cited an unemployment rate of 7.3 per cent among unskilled workers coinciding with shortages of skilled workers, and called for "a much higher priority" to be given to programmes to relieve the bottleneck.

Mr Finaish maintained that the issue "had never been fully analysed in staff papers even though it dominated South Africa's economic and social development." It was not simply a matter of more training, but of dismantling the "main constraints of labour mobility resulting from restrictive laws, regulations and practices."

Sig Lovato declared that the increase in the price of gold in recent years "had given the authorities an opportunity to make badly needed structural reforms, but they had sharply increased expenditures, including defence outlays . . . elements of structural modification should be part of any stand-by arrangement."

In his response to the executive directors, Mr Allen Whittome, the European Director, admitted that there was a direct conflict between IMF recommendations and the South African policy on the labour question. The South African intention, he said, "was to provide incentives to industry to move to the underdeveloped parts of the country," whereas the Fund staff "stressed the need to open the existing developed parts of the country to all employees."

Nonetheless, he argued that during the period of the proposed standby arrangement, "even substantial changes in the labour field would not have a decisive effect on the balance of payments."

● Fiscal policy.

The major concern of several directors was the lack of adequate restraint on state spending. Mr Michael Casey, of Ireland, also representing Canada and Caribbean countries, said that the proposed reduction in the fiscal deficit—from 2.8 per cent of GDP in 1982 to 2 per cent in 1983—was "not rigorous, even when the continued sluggishness of gold-related revenue was taken into account . . . The authorities should be encouraged in their attempts to focus expenditure restraint on such areas as defence and, perhaps, subsidies," he added.

Mr Whittome responded that the South African Government had cut the proportion of public spending in GDP from 27 per cent in the mid-1970s to 23 per cent in the early 1980s, "an achievement that had been equalled by few other member countries." He also argued that given a 50 per cent drop in tax receipts from gold, cutting the fiscal deficit from 2.8 to 2 per cent amounted to "substantial adjustments compared with other recent Fund-supported programmes."

● Monetary policy

Many executive directors—though not those representing the U.S. and Canada—were worried at an apparent relaxation of restraint, shown by a decline in interest rates shortly before the meeting, and a move by the South African Reserve Bank to lower the reserve requirements for commercial banks. They were also concerned that no action had been recommended to restrain the activities of the Land Bank, which gives subsidised loans to white farmers.

No formal vote was taken, but during the course of the day the U.S., Britain and West Germany—which in the UN had opposed allowing political factors to influence the IMF's technical judgments—had been joined in supporting the loans by five other country groups.

Those in favour included Canada and seven European states which had abstained in the UN vote. South Africa had the declared support of 22 countries whose weighted vote in the IMF adds up to 51.9 per cent of the fund total.

The 39 black African countries had reserved their position, as had a similar number of other countries. India, Bangladesh and Sri Lanka had been "unable to support" the loans and 27 countries had opposed them.

"The sense of the meeting, the chairman stated, was to accept the proposed decisions," the minutes recorded.

Consultative budget suggests tax cuts of up to £3bn

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

TAX CUTS of up to £3bn could be made in the next Budget without breaching the Government's strategy for public borrowing, the Institute for Fiscal Studies (IFS) said yesterday.

The IFS was presenting its own version of o "green" or consultative Budget, which it bas prepared with the help of the London Business School and the National Institute of Economic and Social Research.

This suggested that next year's public sector borrowing requirement (PSBR) would be only £5.7bn in the absence of any changes except the indexing of specific duties and income tax thresholds and allowances. This compares with the Treasury's estimate in November that the PSBR for 1983-84 would be obout £7bo on the same assumptions.

In its autumn statement the Treasury made a "conventional" assumption that the Chancellor of the Exchequer would aim for a PSBR of £8bn for the next financial year. According to the Treasury this would have given him about £1bn available for "fiscal adjustment."

The IFS believes the scope for fiscal adjustment within a borrowing target of £8bn would be about £2.3bn. After allowing for the "feedback" effect that tax cuts would have in stimulating the economy and increasing revenue, the IFS says that the scope for tax cuts would be between £2.8bn and £3bn.

Within this borrowing constraint, the IFS has outlined two possible budgets. The first would mainly help households by increasing income tax allowances by 19 per cent and leaving petrol and Derv duties unchanged while cutting the employers' National Insurance Surcharge by 0.5 per cent.

The second budget aimed mainly to help industry, would abolish the surcharge, but increase income tax allowances by only 9.4 per cent. Corporation tax would be cut by 2 percentage points and specific duties would not be increased.

The IFS has prepared a third so called "wet" budget which would increase public borrowing by £5bn to £10.6bn. This would allow the Chancellor to make £6.3bn of tax cuts including 1 percentage point reduction in the basic rate of income tax, a 19 per cent increase in income tax allowances; abolition of the insurance surcharge and no increase in specific duties. He would still have £1.5bn available for extra capital spending.

Reforms proposed for London police force

BY LISA WOOD

PROPOSALS were announced yesterday for making London's main police force, the Metropolitan Police, focus its attention on persistent crime problems and on improving co-operatioo with the public.

Mr William Whitelaw, the Home Secretary, welcomed the proposals, put forward by the new Metropolitan Police Commissioner, Sir Kenneth Newman. The police force has recently met considerable criticism.

Mr Roy Hattersley, Shadow Home Secretary, said Sir Kenneth's report was a vindication of all Labour politicians had been saying. The reforms went nothing like as far as were necessary to make the police genuinely accountable. But at least there was an acknowledgement that the Metropolitan Police was in urgent need of reform and re-organisation.

Sir Kenneth describes his report as "first aid measures" to be implemented in the oext 12 months with a comprehensive five year plan already commencing. He proposes among other measures:

- A minimum of 650 extra constables on street patrol.
- More manpower in areas of special crime problems, particularly robbery, burglary and street disorders.
- Crime prevention programmes on the lines of the U.S. "neighbourhood watch" scheme.

Steel chief attacks bill on state industries

BY PETER RIDDELL IN LONDON

MR IAN MACGREGOR, the chairman of the state-owned British Steel Corporation (BSC), yesterday said he was appalled by a private parliamentary Bill put forward by a former Conservative minister to extend parliamentary financial scrutiny to include nationalised industries.

He said that the bill "seems to be flying in the face of proposals outlined by the Prime Minister for making the industries closer and closer to commercial enterprises."

His comments come before the House of Common's debate on Friday on the second reading of the Bill, which would make nationalised industries and other bodies mainly dependent oo state finance directly accountable to Parliament. This would be via the Comptroller and Auditor General who would have access to their books.

The bill is sponsored by Mr Norman St John Stevas, the former leader of the Commons, Mr Edward du Cann, the chairman of the Conservative backbench 1922 Committee, and Mr Joel Barnett, the former Labour Chief Secretary to the Treasury.

Mr MacGregor's central argument is that, while in the past British Steel might have been accused of being too much in the image of Government, the whole recent direction had been to decentralise the business and to try to make individual managers responsible for individual decisions.

He believed that the bill would undermine this freedom and responsibility by requiring a central overseeing organisation.

Mr MacGregor also warned that the enactment of the bill would ensure that there would be no further privatisation of state bodies. It would also undermine the launching-pad stage of joint ventures with the private sector. He said that oone of the private sector partners would stand for the measure.

His comments reinforce the criticisms of the bill already made by other chairmen of nationalised industries, including Sir John King of British Airways, Sir George Jefferson of British Telecom and Mr Ron Dearing of the Post Office.

CONSUMERS RATHER THAN INDUSTRY WILL BEAR MAIN IMPACT

Fears grow over water supplies

BY IVO DAWNAY, GARETH GRIFFITHS, BRIAN GROOM AND ROBIN REEVES

MOST OF the population of England, Wales and Northern Ireland experienced little immediate effect from the first day of the national water and sewerage strike. Water authorities forecast a gradual worsening of tha service, rather than a rapid deterioration.

However, more people were urged to boil water. About 2.5m people in the Greater Manchester area had already been warned to boil water for cooking or washing up as a precautionary measure, as a result of last week's overtime ban.

In Northern Ireland and South-West England people have now been advised to boil water, and in Wales a similar instruction – first issued for some localities at the weekend because of the overtime ban – was extended to up to 300,000 consumers.

In several parts of the country residents had to collect water from standpipes or water tanks because of burst mains, but only small numbers were affected. In the North-West of England, for instance, the number of people without water was probably about 300 out of a population of 7m.

No areas reported major sewage problems, but nearly all Bristol's sewage – 30m gallons a day – was being pumped directly into the Severn Estuary. The Avonmouth sewage plant, near Bristol, has been closed by the strike.

Wessex Water Authority said the sewage did not constitute a health hazard because of the high level of water in the estuary.

In the House of Commons, Mr Tom King, Environment Secretary, said major water mains had burst in Eltham, South London, and at Coventry, but no major pollotioo incidents had been reported.

He warned that the strike could have "increasingly serious consequences," but services for most people would continue without interruption.

Scotland's 2,000 water workers are working normally because the result of o strike ballot is not expected until tomorrow at the earliest.

In the rest of the country, support for the strike was virtually 100 per cent among manual workers.

In South-West England, Plymouth and Exeter were hit by burst mains and a major leak developed between Truro and Bodmin. Union officials rejected a plea for it to be repaired on the grounds that supply was still being maintained, albeit at reduced pressure.

Mr Bill Holland, strike organiser in the Thames valley area, forecast about 1,500 burst mains in England and Wales by the end of the week.

Private consumers rather than industry will bear the main impact of any breakdown in the country's water supplies.

Many of the largest water consumers draw their supplies from private sources, improvements in heat and eoergy saving have reduced water intake and water consumption by industry is concentrated in the traditional manufacturing sectors which have shrunk the most during the recession.

Industry accouots for 27 per cent of UK water use. Although the perceotage varies from more than balf of consumption in industrial areas whereas io the service dominated Thames region whicb covers the capital, industry's share of waler usage is around 20 per cent.

Britaio's heavy water users include the electricity supply industry, the food and drink industries, engineering, textile and chemicals. The country's largest water user is the Central Electricity Generating Board which uses between 23bo and 24bn gallons of water o day. Of this only 28m gallons are provided from the public supply.

The exception to the generol trend is the food industry. The Food Manufacturers Federation estimates that withio 24 hours of polluted water coming through the taps factories would have to close. Food companies need bigh quality water to clean the food and for most of the preparations.

Large flow of funds into UK institutions

By Jeremy Stone

THE FLOW of funds into UK investment institutions rose sharply in the third quarter of 1982. Although the third quarter figure is normally lower than the inflow for the three months to June, it rose by £1.6bn to £7.6bn, according to government statistics released yesterday.

Most of this extra cash was pushed through into the government securities market; investment in gilts jumped from £700m to £2bn. In the three months to September the gilts market was enjoying a heady rise, in which yields on medium dated stocks fell by nearly a fifth, to about 11 per cent on average.

These figures also show that portfolio investment overseas was running even more strongly than had been thought. The third-quarter total has now been revised upwards to £1.3bn from £1bn, taking the first nine-month's outflow for 1982 to more than £4bn.

Health bodies told to improve buildings

BY GARETH GRIFFITHS

THE GOVERNMENT has told the regional health authorities in England to spend more money on improving and maintaining National Health Service (NHS) property.

A circular sent to health authorities yesterday from Mr Norman Fowler, the Social Services Secretary, gives details of the provisional financial allocatioo for hospital and community services in 1983–84. The Government is allocating £8.4bo for the 14 authorities.

This represents an increase of 1.2 per cent in real growth for the oext year. However, the increase is dependent on each region meeting a target of at least 0.5 per ceot increased efficiency.

The combined efficiency savings and new money available from the Department of Health and Social Services is oearly £100m. Many authorities feel that these projections will cootinue to squeeze services because there is an inbuilt increase in demand oo the NHS with an ageing population.

Mr Fowler said the growth figures for each regioo were significantly higher than estimations made by the Governmeot in its July circular last year.

The Government wants the health authorities to improve NHS buildings by, for example, brighteoing up bospital wards. Mr Fowler says be wants authorities to consider using both minor capital as well as revenue for property improvement.

At the same time the DHSS wants regional bealth authorities to give priority to services, such as renal dialysis and coronary artery surgery, whicb are used by patients outside the district.

Mr Fowler said that authorities can improve the quality of patieot care and make better use of their total resources by upgrading existing buildings.

Ministry unit to track down counterfeits

By Kevin Brown

THE DEPARTMENT of Trade is to set up a special unit to track dowo fake goods imported from Taiwan, Mr Peter Rees, the Trade Minister, told the House of Commons yesterday.

Mr Rees was asked by Mr Dennis Canavan, a Labour MP, to stop Taiwanese companies exporting counterfeit products manufactured to look as if they were made in Britain.

The minister urged Britisb companies to protect their goods by registering trade marks, pateots and designs in Taiwan. He said stricter penalties for trade mark offenders had been introduced in that country.

Mr Canavan was supported by Mr Ivor Stanbrook, a Conservative MP, wbo said millions of pirated books, including many English titles, bad recently surfaced in Nigerias. All were allegedly prioted in Taiwan.

New home plan to boost job mobility

THE BRITISH Government yesterday launched o new home ownership scheme to help workers move out of areas of high unemployment to look for work.

Under the plan, which will cost an initial £45m, homes can be bought in stages and the remainder reoted from 50 specially selected housing associations.

Mr John Stanley, Housing Minister, said many people were prevented from taking up job offers because they could not afford the cheapest houses in the area concerned.

BMA for Heathrow

BRITISH MIDLAND Airways, the independent airline, supports the development of a fifth passenger terminal ot Heathrow to cope with future traffic growth, rather than expansion of the existing Stansted airport in Essex.

BMA, which competes fiercely with British Airways on the Shuttle air route from Heathrow to Glasgow, and plans to step up that competition with a service from Heathrow to Edinburgh, agrees with BA that further development of Stansted would be unacceptable to the airline industry.

Money for robot

ENGINEERS at Liverpool University are to receive £165,000 from British iodustry to develop an "intelligeot robot" for high precision welding in the aerospace, ouclear and chemical industries.

The robot's advantage over existiog systems will be its micro processor intelligence. This will enable it to perform more consistently and therefore lower production costs. Its export potential is likely to be enormous.

Rail report attacked

MR BILL SIRS, general secretary of the Iron and Steel Trades Confederation, yesterday urged the Government to throw out the Serpell report on the future of British Rail published last week.

More UK news on Page 8

In one day, Lawrence of Arabia and three Rolls-Royces destroyed two Turkish command posts, blew up a bridge, wiped out a regiment of Kurdish cavalry, blew up another bridge and destroyed 600 pairs of railway lines. His driver remarked: "The experience of driving a Rolls-Royce is one of continuous hustle."

The suspension system on a 1983 Silver Spirit is so sensitive it compensates for the gradual emptying of the petrol tank.

Miss Letitia Overend of Dublin drove her 1926 Rolls-Royce every day for over 50 years. Her sister, Naomi is still driving the same car.

The 1983 Bentley Turbo accelerates its two and a half tons from 0-60 in just 7.0 seconds.

Extras fitted to a Rolls-Royce have included a pianola, an espresso coffee machine, a bed, hot and cold running water, an interior roof depicting the heavens - and a commode.

The final polishing of the Spirit of Ecstasy mascot is done with powdered cherry stones.

When Prince Yusupov assassinated Rasputin (using cyanide, a gun and a club), the mad monk's cadaver was transported to the banks of the Neva in a Rolls-Royce.

To test the durability of their seats, Rolls-Royce use "Squirming Irma," a 200lb simulated bottom which squirms on a seat one million times.

In the first World War a group of British officers driving a Rolls-Royce chased six German staff officers in a Mercedes across the desert at 70m.p.h. They eventually destroyed the German car and captured its occupants.

You will never open the ashtray in a Rolls-Royce and find a cigarette end. It empties automatically.

In 1910, for publicity purposes, Rolls-Royce engineers balanced a penny on the radiator cap for two minutes while the engine was running at full throttle.

The hydraulic tappets on a Silver Spirit are assembled the hard way - immersed in paraffin - to avoid contamination by dust.

A Rolls-Royce will support the weight of a full grown African elephant with only 1½" of give. Rolls-Royce Motors do not recommend this.

It takes one man one day to make a Rolls-Royce radiator. Five hours are then spent polishing it.

Only one modern British Rolls-Royce has left the factory bearing a mascot other than the Spirit of Ecstasy. A very important Phantom VI has a St. George and the Dragon figurehead.

The horn button contacts on a Silver Spirit are made of silver and gold.

The Duke of Westminster carried out commando raids in a 1914 Rolls-Royce. His exploits in it included charging a platoon of German cavalry.

Lenin fitted half tracks to his 1919 Rolls-Royce. Rolls-Royce Motors do not recommend this.

The air conditioning in a Silver Spirit is unique - the only one in the world separately controllable at two levels: knee height and head height.

The minimum distance between British parking meters was originally determined by the length of a Rolls-Royce Phantom V.

A secret electrical device on the 1983 Bentley Turbo holds its speed under 140m.p.h. in the interests of safety.

The Maharajah of Mysore had his Rolls-Royce blessed each year with a shower of rose petals.

There is a heat sensor in the Silver Spirit that automatically adjusts the temperature in the car to compensate for the heat gain from the direct rays of the sun.

Of twelve craftsmen who make radiators for Rolls-Royce cars, no two make them exactly the same. Each man can recognise his own work on any car he should see on the road.

The badge on a Rolls-Royce was red, until the year Sir Henry Royce died, when it changed to black.

The brass wheel nuts on the Silver Spirit are threaded in opposite directions on either side of the car so that the rotation of the wheels always tends to tighten them.

A 60 foot 1½ ton flagpole once fell onto the bonnet of a Rolls-Royce in Delhi. The flagpole broke in two: the radiator of the car was undamaged.

You could drive a Silver Spirit from the Arctic Circle to the Equator without having to adjust the air conditioning - the interior temperature would remain constant.

A Rolls-Royce number plate - RR1 - was sold in 1968 for more than the price of the Silver Shadow to which it was attached.

Engineers use a stethoscope to check the smooth running of the engine on a Silver Spirit.

Henry Royce once destroyed 12 cylinder blocks with a hammer, having discovered minor imperfections in each one.

The cooling capacity of the air conditioning system of the Silver Spirit is equivalent to that of 30 domestic refrigerators.

The first 10h.p. Rolls-Royce was sold for £395. Today it is worth over £250,000.

The air conditioning in a Silver Spirit can change the air three times every minute.

Each Silver Lady made between 1911 and 1951 bears the signature of the artist, Charles Sykes.

In tests, a Silver Spirit was crashed at 30m.p.h. into a 100 tonne block of metal, then a 2,000lb block of concrete was rammed into the back of the car at 20m.p.h. to demonstrate the Spirit's ability to withstand impact.

The Hon. C.S. Rolls represented Cambridge as a racing cyclist. Henry Royce sold newspapers for W.H. Smith.

It takes twelve hides to make the upholstery on a Silver Spirit - enough to make 300 pairs of expensive shoes. The hides come from remote parts of Northern Europe, where the relative absence of insect pests and barbed wire produces the unblemished quality required.

In 1907 a Rolls-Royce attacked the world endurance record of 7,000 miles. After 14,371 miles the R.A.C. stopped the test. The cost of replacing worn parts was two pounds, two shillings and seven pence.

Most modern car manufacturers have to use three body shells in the standard series of impact tests required by safety legislation. The Silver Spirit body is so strong that only one need be used for the whole series.

One year after Henry Ford bought his Rolls-Royce, two engineers from Derby visited him to check the car was running well. He was so impressed he cabled Royce: "When I have sold one of my cars I don't ever want to see it again."

The valve seats in a Silver Spirit are given a natural finish of one sixteen millionth of an inch.

Each Spirit of Ecstasy (the Silver Lady) is individually sculptured and cast by a 4,000 year old Chinese 'lost wax' process. No two are alike.

One complete room at Rolls-Royce is mounted on cork: the Standards Room where the calibration of measuring instruments is carried out.

The largest purchaser of Rolls-Royce motor cars in the world was the Scottish Co-operative Society - 240 in all.

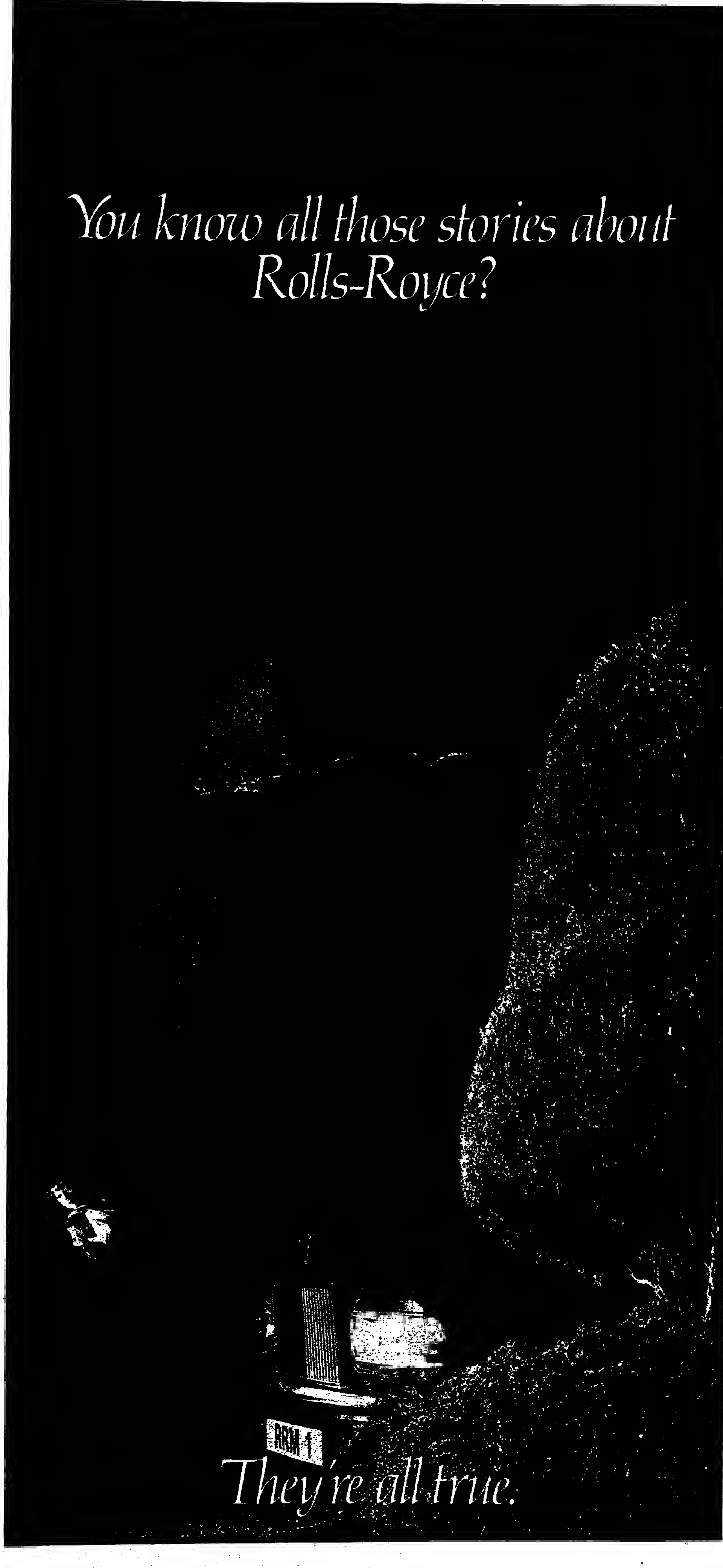
A Rolls-Royce motor car was once made with a clinker-built wooden plank body. It was for a time owned by King Farouk.

The world record for travelling from London to New York is held by a British businessman, using Concorde, two helicopters - and two Rolls-Royces. Four hours, twenty-three minutes, office to office.

Only one hide in 500 is considered good enough to be chosen for Rolls-Royce.

A cocktail cabinet with cut glass decanter is standard equipment on the Rolls-Royce Phantom.

هكذا من الأصل



The lines of the Rolls-Royce radiator are slightly bowed to give the appearance of rectilinearity - the same principle used by Kallikrates in building the Parthenon.

The ball joints in the throttle linkage on the 1983 Silver Spirit were designed by Sir Henry Royce over 50 years ago. No-one has been able to improve on them - so they have never been changed.

The air conditioning on the Silver Spirit is so refined that it costs as much to make as a small car.

Sir Henry Royce used to test early Rolls-Royce cars by dragging granite kerbstones up and down steep hills.

David Ogilvy's famous fifties' headline: "At 60m.p.h. the loudest noise in the new Rolls-Royce comes from the electric clock" was not a new thought. The Autocar review of the Silver Ghost in 1907 read: "At whatever speed the car is driven, the auditory nerves when driving are troubled by no fuller sound than emanates from the eight day clock."

The original Silver Ghost has covered approximately 600,000 miles. In 1982 it was driven from Glasgow to London, repeating a journey it first made in 1907. The journey presented no problems for the 75 year old masterpiece.

In construction, every Rolls-Royce motor car is accompanied by a "history book" which is signed by the craftsmen who work on it.

Every Rolls-Royce Silver Spirit engine is hand-built.

Lenin, Stalin and Leonid Brezhnev all owned Rolls-Royce cars - so did Czar Nicholas II.

Test drivers on the Silver Spirit have clocked up one million miles a year.

One of the pre-war coachbuilders for Rolls-Royce was descended from the coachbuilder for Queen Elizabeth I in 1564.

The bodywork on a Rolls-Royce Corniche is constructed entirely by hand. The car itself takes five months to build.

"Doctors declare the Rolls-Royce to be the only petrol car they could bring up to a patient's house and drive away without the possibility of disturbing the patient." Rolls-Royce advertisement 1910.

Over six out of ten of all the Rolls-Royces ever built are still on the road.

Rolls-Royce will always be British. Should the company ever fall into overseas ownership, the name will die.

ROLLS RR ROYCE

Rolls-Royce Motors Ltd., Crewe, Cheshire. A Vickers company.

State shipbuilders fear downturn will last several years

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITISH Shipbuilders, which wants to lay off workers and freeze wages in response to the industry's severe difficulties, fears the downturn in some of its divisions could last for several years.

It has singled out three troubled sectors in recent meetings with union leaders: merchant shipbuilding, marine engineering and ship repair.

Of these, the first is the most significant for BS. But it warned also of problems in tha offshore division, where the market has been saturated with rigs, and on the warship side, where more export business is badly needed.

The union leaders have reacted against tha stiff BS stance. State-owned BS, oow on the Government's privatisatioo list, told the unions over 2,000 jobs would have to go by April and pay must be frozen. The workforce is 65,000.

BS, like other world shipbuilders, is suffering from the acute decline in the shipping industry. World shipowners and shipping experts see little chance of improvement in 1983.

Emphasising the harsh impact on shipbuilders, Motor Ship magazine reported that the world merchant order backlog had dropped to 42.1m deadweight tons at tha start of 1983 from 53.1m dwt the year before.

BS first told unions of the grim outlook in mid-December. It has since announced a £28m loss for the first half of its financial year, making it impossible to meet the loss limit of £10m set by the Government for the full year to end-March.

The Government, therefore, has held up approval of its corporate plan and cash limit for 1983-84. BS told the unions that it had been given a provisional £150m against a request for £174m.

BS has also been asked to find "extraordinary ways of [illegible] cash" and to limit capital spending to the minimum possible for the time being.

This is how the main sectors are faring:

● Merchant shipbuilding. The market is expected to stay depressed into 1984, with Far Eastern price competitioo becoming tougher. At the large yards, prospects are worrying. Owners have asked for delivery delays.

● Warship building. "Yesterday's customers are rapidly becoming competitors," said BS. Although boosted by the near £500m of naval orders announced last month, BS is keeo to build up export business.

● Offshore. "The outlook for new ordering is grim," said BS, with beavy world order books and declining charter rates for rigs.

VAST RESERVES FOUND IN NORTH SEA

Going to sea for coal

BY RAY DAFTER, ENERGY EDITOR

EACH DAY more than 20,000 miners travel up to seven miles under the North Sea to work rich seams of offshore coal.

Undersea mining has become big business and is destined to grow. A new report shows that an offshore exploration programme, so far costing the British National Coal Board (NCB) almost £20m, has identified many millions of tonnes of potential reserves.

The offshore search for coal has been rejuvenated in recent years after being virtually halted in the late 1960s and early 1970s because there seemed to be so much cheap oil about.

But it is a matter of Coal Board pride that the "coal industry introduced offshore drilling platforms for exploration in the North Sea years before the oil and gas industries." It is a point made in the latest issue of the NCB's Coal and Energy Quarterly by Mr Ron Price, the board's director of planning and major projects, and Dr Geoffrey Barnsley, deputy head of the board's national exploration unit.

The authors say about 8 per cent of the NCB's total output – more than 8m tonnes a year – is obtained from undersea mines. In addition, undersea coal forms about 5 per cent – or 170m tonnes – of the operational reserves currently available to collieries.

Offshore mines, in essence extensions of land-based collieries, are found in three main areas of the UK: in the West, off North Wales and Cumbria; in Scotland, beneath the Firth of Forth; and in the North East, in the Northumberland and Durham coalfields.

Undersea operations account for between 5 and 10 per cent of the total output in the Scottish and Western areas. But in the North East, undersea mining assumes quite different proportions.

The linked Northumberland collieries of Lynemouth and Ellington are claimed by the NCB to be the largest undersea mining complex in the world, with an annual production rate of 2.2m tonnes.

North Sea operations, based on shore facilities, account for over 60 per cent of the North East area's annual output of around 13m tonnes and a lion's share of the area's £50m-a-year capital spending programme.

The search for new reserves continues. Last year the NCB spent almost £3.5m on an offshore exploration programme to plot mining areas in the Wearmouth Colliery, offshore Sunderland. Wearmouth – a 1m tonnes a year pit – is already mined up to six miles out from the main coastal shaft.

According to Mr Price and Dr Barnsley the NCB has so far spent almost £20m on its offshore exploration effort. The programme has included the drilling of 128 boreholes and a seismic exploration survey covering a total area of 2,430 square miles.

Offshore seismic surveys cost only one tenth of those on land because it is not necessary to obtain permits, pay entrance fees, compensate for damage, or negotiate the vagaries of Britain's landscape.

For exploration drilling work however special drilling ships have to be hired or platforms constructed with the result that operations offshore can cost six times more than those onshore.

A great deal of North Sea coal has been identified not as a result of the NCB's drilling programme but as a by-product of the oil industry's offshore activities. A high proportion of the oil and gas wells sunk in the North Sea have passed through coal seams. It is now known that vast coal resources lie beneath the sea.

Some of these reserves may be reached by extensions of the present undersea tunnel network. Further from shore new mining methods will have to be found.

Oil platforms could be adapted for in situ coal extraction operations by turning offshore coal into gas or liquids through the applicatioo of heat or chemicals.

"The NCB's Undersea Coal Exploration"; Coal and Energy Quarterly, no. 35; National Coal Board, Hobart House, Grosvenor Place, London SW1X 7AE.

Burmah keeps gas find quiet

By Our Energy Editor

BURMAH OIL has discovered natural gas in the Moray Firth on Scotland's east coast in a drilling operation which is intriguing the offshore oil industry.

The gas has been found in what was expected to be an oil-bearing region of the North Sea. Burmah, saying as little as possible about the well, refused to comment on whether liquids – crude oil or very light condensate – had been identified.

Burmah merely said that gas had been tested at a restricted rate of 9.5m cubic feet a day from a well sunk to a total depth of 10,904 feet.

The well on block 12/27, about 48 km south-east of Wick, lies close to Britoil's Beatrice field and to large tracts of unlicensed territory. This is why Burmah and its partners are saying little about the test.

This is the first well operated by Burmah since it lost many of its North Sea assets in financial restructuring after the company's collapse in the mid 1970s. The well was drilled oo behalf of a consortium comprising Burmah (27.5 per cent), Charterhouse Oil and Gas (17.5 per cent), Charter Consolidated (10 per cent), DSM Hydrocarbons (10 per cent), Canadian Industrial Gas (10 per cent), Norsk Hydro Petroleum (10 per cent) and Swedish Petroleum (15 per cent).

COMPANY NOTICES

BANQUE NATIONALE DE PARIS

US$12,500,000

Floating Rate Notes due 1988 (Series B)

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period 24th January, 1983 to 25th July, 1983 has been fixed at 9 375 per cent per annum.

On 25th July, 1983, interest of US$236 98 per US$5,000 nominal amount of the Notes and US$2,369.79 per US$50,000 nominal amount of the Notes will be due against interest Coupon No 3.

Swiss Bank Corporation International Limited
Reference Agent

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE

CANADA-UNITED KINGDOM FREIGHT CONFERENCE

NOTICE TO SHIPPERS AND IMPORTERS

INLAND RATES/CHARGES IN ENGLAND, SCOTLAND AND WALES

The member lines of the above conferences wish to advise shippers and importers that due to the increased costs which they have been forced to bear since the level of inland rates and charges was last increased in April 1982, an upward revision in these rates and charges is now unavoidable and will become effective on 6th March 1983, the details of which may be obtained from any of the undernoted member lines.

Atlantic Container Line G.I.E.
Canadian Pacific Steamships Ltd.
Dart Containerline (Canada) N.V.
Hapag-Lloyd A.G.
Manchester Liners Ltd. } Joint
Golden Cross Line Ltd. } Membership

CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD.
Secretaries

Cunard Building,
Liverpool L3 1DS.
January 1983.

LEGAL NOTICES

IN THE MATTER OF DENNIS FASHIONS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 20th day of April 1983 to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned SURJIT KUMAR SINGLA F.C.A. of Singla & Co., Chartered Accountants, of 423 Alexandra Avenue, Harrow, Middlesex HA2 9SE, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

DATED this 20th day of January 1983.
S. K. SINGLA, F.C.A., Liquidator

PUBLIC NOTICES

CITY OF EDINBURGH DISTRICT COUNCIL

£1.5 million Bills issued January 21 1983 maturing April 22 1983. Average rate of 10.8125. Applications £7.5 million. Bills outstanding £6.5 million.

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مكرر من الأصل

ENJOY A MONTHLY INCOME FROM NATIONAL SAVINGS–WITHOUT TOUCHING YOUR CAPITAL.

Suppose you have £5,000 or more to invest. You want to keep your capital intact. At the same time, you could do with something extra – to spend, top up your earnings or pension.

This is exactly what National Savings Income Bonds are for. They give you a regular income every month, without drawing on your capital.

Always good interest

Currently, the interest rate is 11½% p.a., earned on a day to day basis. It will vary from time to time, to keep it competitive. Here is the monthly income you can get today at various levels of investment.

Investment	Average Monthly Income
£5,000	£47.91
£25,000	£239.58
£60,000	£575.00

(Each additional £1,000 invested produces £9.58 a month – £115 a year).

You can have the income paid directly into your bank account, or sent to you by post.

Up to £200,000

You can buy Income Bonds in multiples of £1,000. The minimum holding is £5,000 and the maximum £200,000.

Income Bonds can be a valuable source of income to trusts, registered companies, charities, friendly societies, clubs, &c.

Spend capital to get extra income? It's like pulling up a rosebush just to have a few flowers indoors!

NATIONAL SAVINGS

INCOME BONDS

Interest paid in full

Interest is taxable, but tax is not deducted at source.

This is beneficial to organisations and individuals who do not have to pay tax – including children whose money is held in trust.

Repayment

You will receive the full rate of interest up to the date of repayment, if you give six months' notice and the Bonds have been held for a year or more at the time repayment is made.

For details of the terms for cashing in at three months' notice, and for cashing in during the first year, see paragraph 6 of the prospectus which is published in full below.

Buy Bonds here and now

Fill in the coupon and send it with your cheque (payable to 'National Savings,' crossed 'A/C Payee') to NSIB, Bonds and Stock Office, Blackpool, Lancs, FY3 9YP.

Or you can get the prospectus/application form, plus pre-paid addressed envelope, at your post office.

PROSPECTUS

1. The Director of Savings is authorised by the Lords Commissioners of Her Majesty's Treasury to receive until further notice applications for National Savings Income Bonds ("Bonds").

2. The Bonds are a Government security, issued under the National Loans Act 1968. They are registered in the National Savings Stock Register and are subject to the Regulations relating to the National Savings Stock Register for the time being in force, so far as these are applicable. The principal of and interest on the Bonds will be a charge on the National Loans Fund.

PURCHASE

3.1 Subject to a minimum initial purchase of £5,000 (see paragraph 4.1) a Bond may be purchased for £1,000 or a multiple of that sum. Payment in full must be made at the time of application. The date of purchase will for all purposes be the date of receipt of the remittance, with a completed application form, at the Bonds and Stock Office, Blackpool, or such other place as the Director of Savings may specify.

3.2 An investment certificate, bearing the date of purchase, will be issued in respect of each purchase.

HOLDING LIMITS

4.1 No person may hold, either solely or jointly with any other person, less than £5,000 or more than £200,000 of Bonds. Bonds inherited from a deceased holder will not count towards this permitted maximum. Furthermore, Bonds held by a person as trustee will not count towards the maximum which he is permitted to hold in his personal capacity; nor will Bonds held in trust count towards the permitted maximum of a beneficiary's personal holding.

4.2 The Treasury may vary the maximum and minimum holding limits from time to time, upon giving notice. No such variation will prejudice any right under the prospectus enjoyed by a Bondholder immediately before the variation in respect of a Bond then held by him.

INTEREST

5.1 Interest will be calculated on a day to day basis from the date of purchase at a rate determined by the Treasury ("the Treasury rate").

5.2 Interest will be payable on the 5th day of each month. The Director of Savings may defer payments of accrued interest otherwise due in respect of a Bond within the period of six weeks following the date of purchase until the next interest date following the end of that period.

5.3 If on repayment the Bond has, by reason of paragraph 6.1, earned less interest than the total already paid in respect of the Bond under paragraph 5.2 the balance will be deducted from the sum to be repaid. Any interest earned on the Bond and not already paid before repayment will be added to the sum to be repaid. If, in the case of repayment under paragraph 6.2, it is not reasonably practicable to stop an interest payment from being made after the repayment date the amount of that interest payment will be deducted from the sum to be repaid.

5.4 The Treasury may from time to time vary the Treasury rate upon giving six weeks' notice.

5.5 The Treasury may from time to time vary the intervals at and dates on which interest is payable, upon giving notice, and in so doing may specify holding limits above or below which any variation will apply. No variation will apply to a Bond issued before the variation unless the Bondholder agrees to such application.

5.6 Interest on a Bond registered in the sole name of a minor under seven years of age will normally be paid into a National Savings Bank account in the name of the minor.

5.7 Interest on a Bond will be paid without deduction of Income Tax, but it is subject to Income Tax and must be included in any return of income made to the Inland Revenue.

REPAYMENT

6.1 A Bondholder may obtain repayment of a Bond at par before redemption upon giving either three or six calendar months' notice. The amount of interest earned by the Bond from the date of purchase until repayment will be determined by the period of notice given by the Bondholder and by whether or not repayment takes place before the first anniversary of purchase.

	3 months' notice of repayment	6 months' notice of repayment
Repayment before the first anniversary of purchase	No interest in respect of any period	Interest at half the Treasury rate from the date of purchase to the date of repayment
Repayment on or after the first anniversary of purchase	Interest at the Treasury rate from the date of purchase to the date the notice of repayment is received at the Bonds and Stock Office	Interest at the Treasury rate from the date of purchase to the date of repayment

6.2 Where an application for repayment of a Bond is made after the death of the sole or sole surviving registered holder no fixed period of notice is required and the Bond will earn interest at the Treasury rate from the date of purchase up to the date of repayment, whether or not repayment occurs before the first anniversary of the purchase.

6.3 Any application for repayment of a Bond must be made in writing to the Bonds and Stock Office, Blackpool and accompanied by the investment certificate. The period of notice given by the Bondholder will be calculated from the date on which the application is received in the Bonds and Stock Office.

6.4 Application may be made for repayment of part of a Bond in an amount of £1,000 or a multiple of that sum provided that the holding of Bonds remaining after the part repayment will still fall within the minimum holding limit imposed by paragraph 4.1 as varied from time to time under paragraph 4.2. The preceding sub-paragraphs will apply to the part repaid as to a whole Bond: the remaining balance will have the same date of purchase and the same interest dates as were applicable to the original Bond immediately prior to repayment.

PAYMENTS

7. Interest will be payable direct to a National Savings Bank or other bank account or by crossed warrant sent by post. Capital will be repayable direct to a National Savings Bank account or by crossed warrant sent by post.

MINORS

8. A Bond held by a minor under the age of seven years, either solely or jointly with any other person, will not be repayable, except with the consent of the Director of Savings.

TRANSFER

9. Bonds will not be transferable except with the consent of the Director of Savings. Transfer of a Bond or part of a Bond will only be allowed in an amount of £1,000 or multiple of that sum and will not be allowed if the holding of the tranferor or transferee would thereby be outside the holding limits imposed by paragraph 4.1 as varied from time to time under paragraph 4.2. The Director of Savings will normally give consent in the case of, for example, devolution of Bonds on the death of a holder but not to any proposed transfer which is by way of sale or for any consideration.

NOTICE

10. The Treasury will give any notice required under paragraph 4.2, 5.4, 5.5 or 11 of the prospectus in the London, Edinburgh and Belfast Gazettes or in any other manner which they think fit. If notice is given otherwise than in the Gazettes it will as soon as is reasonably possible thereafter be recorded in them.

GUARANTEED LIFE OF BONDS

11. Each Bond may be held for a guaranteed initial period of 10 years from the first interest date after the date of purchase. Thereafter, interest will continue to be payable under the terms of the prospectus until the redemption of the Bond. The Bond will be redeemed at par either at the end of the guaranteed initial period or on any interest date thereafter, in either case upon the giving of six months' notice by the Treasury. The Director of Savings will write to the Bondholder before redemption, at the last recorded address for his Bondholding, informing him of the date of redemption notified by the Treasury.

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EUROPE'S AIRLINE INDUSTRY

Balance sheets are riding on the new 757

By Michael Donne, Aerospace Correspondent

THIS SPRING end early summer, the battle for air traffic in the skies over Western Europe will take a new turn, as several major eirlines Introduce new types of jet airliners designed substantially to cut their flying costs ond improva profitability.

British Airways starts the new trend when it puts into service on February 9 (on the London-Belfast Sbuttle route) the first of its new £400m fleet of 17 Rolls-Royce-powered Boeing 757 twin-engined 189-seater narrow-bodied jets. Thereafter, It will spread the 757s around its domestic and international network as the deliveries of the new aircraft build up during the summer.

Soon afterwards, starting in March, Monarcb, the UK independent airiine, takes delivery of the first of three 757s (the others come in April and May), putting it into service on package tour holiday flights to Europe. Air Europe, another major UK independent, gets the first of two 757s it is buying In early April, and will lease another from BA, so that it will have two flying this summer. Its own second jet comes later, when It will return the leased 757 to BA.

The competition will come from European airbnes — initially Lufthansa and Swissair, both of whom this spring will be taking delivery of tho first of lorge fleets of Airbus A-310 wide-bodied twin-engined jets, whicb are lerger than the 757 and seat up to 212 passengers each. Those two airlines will be followed with the A-310 by Air France and others, in 1983 and 1984, including Austrian Airlines, British Caledonian Airways, Cyprus Airways, and KLM and Martinair of Holland, and Sabena of Belgium.

Although the 757 and the A-310 are of different sizes, and are not primarily designed to be competitive (the A-310's closest competitor is the semi-wide-bodied Boeing 767), they will nevertheless be doing much the same job. They will carry passengers on short to medium-range flights, replacing the existing generation of jets, mostly Boeing 727s and Trident Threes, and they are almost certain to be used on some of the same intornational routes, so that comparison between them will inevitably be made.

> On all counts—size, passenger appeal, reliability and economy—BA believes the new aircraft will fit into the pattern of European air travel

Yot primarily tho airlines will be looking to the expensive newcomers ($30m to $40m each) to reduce their flying costs and thus belp restore their fortunes which have been somewhat battered by the recession.

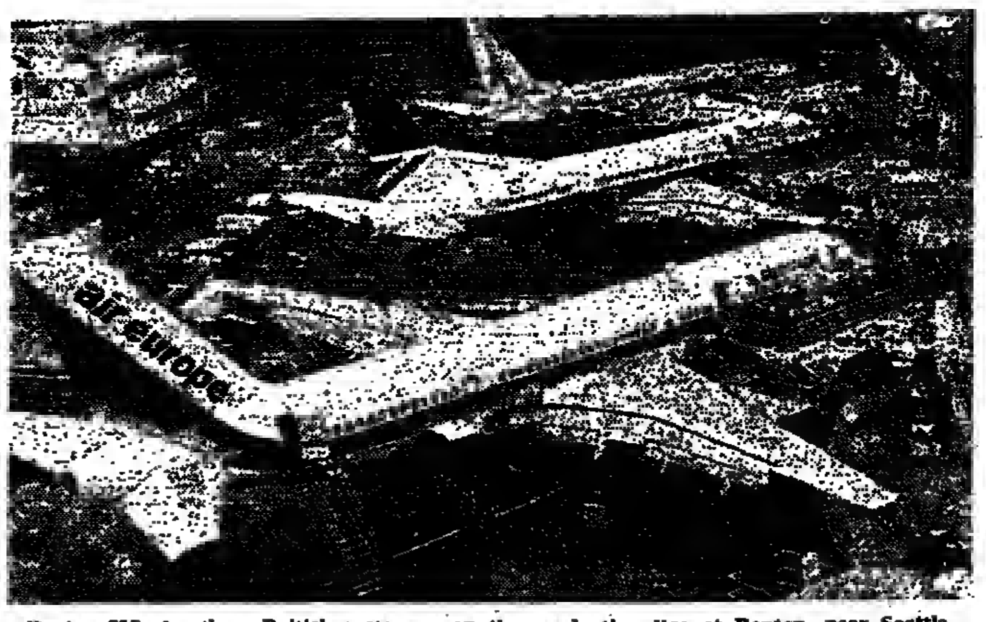
Britisb Airways in particular has been badly hit, with a £545m deficit (inclnding some once-for-all items) in the 1980-81 financial year. Tho benefits of the new jets, apart from the improvements in passenger comfort they will offer (such as more log room), are basically savings in fuel consumption of up to 40 per cent over the aircraft they will be replacing, together with significant savings in reduced maintenance costs. New aircraft by themselves do not necessarily stimulate traffic, but if they are more economical to fly and maintain, they can revolutionise balance sbeets, even in an era of depressed traffic as a result of the recession.

Eastern Airlines of the U.S., which was the joint launcb customer for the 757 with British Airways, and wbicb has already put it into service in the U.S. between Atlante, Boston, Miami and Tampa, says that already It is proving cheaper than the 727-200 to fly, costing only $3.12 per mile in fuel, egainst $3.53 for the smaller Boeing 727-200. Eastern also reports that the 757, with its two Rolls-Royce RB-211-535C engines, went into service virtually trouble-free, with only five minor departure delays due to mechanical reasons in 90 flights between January 1 and 17. Passenger loads, despita bad weather in some points, have been heavy.

British Airways is encouraged by this record. It noeds tho 757 badly, not only as a weapon in its fight back to profitability, but also because o substantial part of its existing short-haul jet fleet, mainly the 25 Trident Threes and 21 Super One-Elevens, are ageing ond are also becoming increasingly expensive to fly in terms of spares and fuel consumption.

They are also becoming progressively unacceptable in terms of noise. New noise legislation, to become effective in the UK on January 1 1986 (and throughout the EEC from 1988) will virtually rendor the Trident Threes unacceptable overnight from December 31 1985, although the Super One-Elevens can be "busb-kitted" to overcome that problem.

British Airways knew this would bappen several years ago, when it placed its £400m order for the 757s. Originally, it ordered 19, with another 21 on option, but subsequent adjustments have reduced this fleet to 17 firm and 18 on option. Two of the 757s originally destined for BA are going to Air Europe in a £40m deal that will enable that independent airline to get into the sky with the new jets earlier than it might otherwise have done, while giving BA a welcome cash boost.


Boeing 757s for three British customers on the production lino at Renton, near Seattlo

Mr Roy Watts, the deputy chairman of British Airwoys, commenting oo tho advent of the 757, says that its purchaso was at ooe time regarded as a controversial decision—and that tbo airline was told by many that lt ought to bave ordered the A-130 instead simply because British Aerospace, the UK aircraft manufacturer, had taken a stake of 20 per cent in Airbus Industrie of Europe.

"When we announced our order, in August, 1978, we were widely accused of having bought the wrong aircraft," he says. "We were told that apart from Eastern ond ourselves, no other airlino would ever buy lt. It would have no passenger appeal. It was even maintained at one time that Boeing would drop the whole project. None of these things have bappened. The 757 has been built, and it is on schedule."

Now, eight airlines have bought a total of 123 aircraft, and Boeing itself is looking to the early months of operational servico to prove to other airlines who are sitting on tho fence that the 757 is a monoy-spinner. Boeing believes that the 757 will eventually come to rival the 727, lts predecessor, in successful sales. The 727 orders to date have amounted to more than 1,800 aircraft, and Boelng remalns confident that the 757 will beat that by the end of this century.

If British Airways can match Eastern's initial performance—and since its 757s are virtually idontical to those of Eastern, there is no logical reason why it should not—the airline ought to be able to make money with the new jet, especially since it bas pruned its overhead costs substantially in recent years by cutting its labour force from 59,000 in 1979 to 39,000 early this year and will get that figure down to 35,000 by this spring.

Already, without the benefit of tha 757 and still depending on the ageing, fuel-inefficient Trident Threes end One-Elevens, BA has managed to turn its 1980-81 deficit of £545m into a six months' profit of £80m in April-September 1982. The 757 will arrive too late to help offset ony BA winter losses, but it is clear that tho airline is boping for great things from the now jet this summer.

BA's operational plan for tba 757 is initially for Shuttle flights to Belfast on February 9, followed by flights to Glasgow and Edinburgh from March 16 and then progressively on Continental routes from Rome, Paris, Milan, Copenhagen and Malta and other European cities. BA will have four 757s by early summer, but by the end of the year it should have eight in the fleet. Four more will be dellvered in 1984 and the remaining five in 1985.

Tho option on the other 18 jots can be oxercised any time up to late 1984, but BA bas so far taken no decisions, and will want to assess the aircraft in service before committing itself.

BA sees tho 757 fitting neatly into a slot between the existing TriStar fleet of 300-seetor tri-jets, and the smaller Boeing 737s. By initially using the aircraft on the domestic Shuttle routes, BA will obviate the need for "back-up" flights if passenger loads are bigh. The Trident Threes currently used on the Shuttles, with 146 seats each, are now too small, and BA estimales that even if the 757 eliminates only one back-up Shuttle flight e day, it will save over £1m a year in back-up flying costs.

Although initially the 757 will be used in its 189-seat configuretion on the Shuttles, eventually, when BA has taken delivery of enough aircraft, It will introduce a "dedicated"—that is, exclusive—Shuttle fleet of five or six 757s, each having 220 seats and no galleys.

Mr Watts says that in the 757's 220-seat Shuttle layout, BA will enjoy e reduction in seat-mile costs of over 15 per cent, even ellowing for depreciation and interest charges on loans, compared with the Trident Three it will replace.

Mr Watts also has a sharp response to criticism that on European international routes, the narrow-bodied 757 may lose out to competition from the wide-bodied Airbus A-310 in the fleets of its rivals. "While we are the first to recognise the attractiveness of the wide-bodied types," he says, "we believe that in practice, the most important fector to the customer is convenience, by which I mean frequent, regular services et tight departure times and so on. These are the things the 757e will deliver. Fuselage width may have a bearing, say on a seven or eight-hour Atlantic crossing, but the overage British Airways 757 customer is going to be airborne for something like 65 minutes. On journeys of that length, there is no evidence that fuselage width is e deciding factor.

"On all counts—size, passenger oppeal, reliability and economy—we believe that the 757 is going to fit very closely indeed into the pattern of European air travel, and of British domestic air travel, as we see lt emerging over the next decade. We believe that the 757 is the right aircraft for British Airways not only today, but tomorrow, and for many years to come."

APPOINTMENTS

Finance director at Cluff Oil

Mr A. R. Rosswick has been appointed finance director of CLUFF OIL in succession to Mr M. I. McAlister who assumes responsibility for corporate planning.

★

ADMEL has appointed as general manager Mr Bob Blackmere who first joined the company in 1958. He was director of manufacturing.

★

Mr S. R. Harrap has been appointed managing director of STEWART WRIGHTSON (NORTH AMERICA).

★

J. W. SPEAR AND SONS bas appointed Mr David F. K. Smith as marketing director.

★

Two appointments bave been made within EATON'S operational manufacturing and marketing resources divisions in the UK: Mr Brian J. Harris, divisional manager for all UK manufacturing and marketing operations, has been appointed director of operations for Eaton Materials Handling Europe. In addition to his responsibilities as managing director for tho Wednesfield plant, Mr Harris will be responsible for the operation of the Eaton materials handling plant et Velbert, West Germany. The engineering manager, Mr John Tennant, has had his responsibilities extended to deputy managing director for the Wednesfield operation.

★

JOHN DAVIES INTERIORS has appointed Mr Douglas Hope to tha board.

★

Mr Ian Williamson has been appointed managing director of SELF CHANGING GEARS, Leyland Group company that specialises in the production of road, rail, and marine transmissions for both military and commercial applications. Mr Wiliamson was chief engineer, advanced technology.

★

Mr Matthew Fort, Mr Derek Moore and Mr Ian Parker have been appointed associate directors of CHARLES BARKER CBC, the corporate and financial advertising company within the Charles Barker Group.

★

CAR CARE PLAN (HOLDINGS) board has been reconstituted and four new directors appointed, following the takeover by Provident Financial Group. Chairman of the new board is Mr B. Peter Hogg, financial director of Provident, while Mr Alan Longmate, former sole shareholder, remains as managing director. Mrs Wendy Longmate and Mr Stephen Leybourne continue as directors. Two new directors join the board from Car Care Plan (Securities Division), the operating company: Mr George Waterson becomes sales director with special responsibility for Scotland. Mr Michael Partridge is appointed sales director with special responsibility for vehicle manufacturers and large motor trade groups. Mr Brian Shillito, group chief accountant of Provident, becomes a director of Car Care Plan (Holdings).

★

Mr Terence J. Webb has been appointed general manager of the PROPERTY OWNERS BUILDING SOCIETY from March 1. He was general manager (development) with the Burnley Building Society.

★

Mr Barrie Sherman has joined the staff of the HENLEY CENTRE FOR FORECASTING as an associate director. He was research director at the Association of Scientific Technical and Managerial Staffs.

★

MACKINTOSH INTERNATIONAL has appointed Mr G. M. W. Gorden as group managing director, responsible for the company's worldwide operations. Mr Gordon joins Mackintosb from the U.S. biomedical company, American Monitor International, where be was managing director, responsible for tho establishment of the European subsidiary in Belfast and marketing offices in London, Bonn and Paris.

★

Mr John Parkin, managing director of English and Caledonian Investment, bas joined SYMINGTON & PARTNERS as a non-executive director and chairman.

★

Mr John Shelton bas joined the board of HAISTE AUTOMATION, computer service subsidiary of consulting engineers Haiste International, as managing director.

★

Ms Lesley Fletcher has been appointed marketing director of the office planning and design division of FITCH AND COMPANY. Sho worked for Herman Miller as manager of its international business group, based in the UK.

★

SELECTIVE PAPER GROUP has appointed Mr Matthew Sharp as works director.

★

SULZER BROS (UK) heating and air conditioning division bas been restructured as follows: Mr E. J. Henrick chairman, Mr G. K. Balshaw chief executive, Mr J. E. Fretwell sales director, Mr L. Brown northern region director, Mr D. Clark southern region director and Mr K. Matt commercial director.

★

Mr Jeffrey Turner has been appointed chief executive of CLARKSON INTERNATIONAL TOOLS. Mr Turner joins THORN EMI from Flether Bright Steels, of Sheeld, wbere be was managing director.

★

NORWICH BUILDING SOCIETY bas appointed Mr R. J. Parkhouse essistant general manager (finaoce) and Mr A. J. P. Catt, secretary. The society is now managed by a three-man executive, headed by Mr Neil Colvin, the general manager and chief executive.

★

Mr Bill Oakley has beeo eppointed to the board of WILLIAM WHITTINGHAM (HOLDINGS). He is managing director of Whittingham Construction, contracting division of the group.

★

Mr Stephen Goschalk has joined the board of SPECTRON OPTICAL HOLDINGS os a representative of London Trust.

★

THE POST OFFICE has eppointed Mr Charles Read as its first director of information technology from February 1. Mr Read is a member of the Information Techoology Advisory Panol which advises Ministers on IT policy. He chaired the working group which roported to the Primo Minister in March 1982 on Cable TV and related systems.

THE ARTS

Hyland & Friend/Purcell Room

Andrew Clements

Everyone has their own idea of musical purgatory. Mine was approached in half of Jane Hyland and Lionel Friend's recital of British music for cello and piano in the Purcell Room on Sunday evening. But the interminable stodge of sonatas by Hurlstone and Delius, as well as the positively emetic quality of Cyril Scott's *Ballade* were relieved both by Britten's astringent cello sonata Op. 65 and two deeply impressive pieces by contemporary composers.

Nigel Osborne's *Remembering Esenin* was written in 1974, but it remains one of its composer's most powerful and affecting works, a memorial to the Russian rural poet, quondam husband of Isadora Duncan, who committed suicide in 1925. It is effective because its structure is uncomplicated and its sound world is entirely consistent; the fading, rocking coda is as memorable an image as anything Osborne has composed. In the context of this programme its economy was emphasised more than usual, as was the sureness and certainty of John Marlow Rhy's *Disconsolate Chimera*, which was commissioned by Jane Hyland and Lionel Friend for this recital.

Rhys takes his title from a line in the first of Eliot's *Four Quartets*: "The loud lament of the disconsolate chimera." The material for the quarter-hour piece is tightly drawn—austere piano punctuations to expressively charged cello lines, occasional flourishes of decoration, against which the cello plays isolated notes. The harmonic progress of the work seems entirely inevitable, the climax, when it arrives in an impassioned cello cantilena, beautifully discharged into chiming piano refrains.

Miss Hyland is a player whose approach and tone are more suited to pithy, aphoristic music than to the rambling, self-indulgence that occupied too much of her programme. Britten's sonata, incisively drawn by both players, made an impressive finale and both Osborne and Rhys works had much commitment and accuracy. Some intonation problems cropped up in the modulations of the Delius sonata; when it really mattered elsewhere, though, every note was firm and true.

Haitink & Barenboim/Festival Hall

Max Loppert

Sunday's London Philharmonic Orchestra concert was most enjoyable, in spite of the suspicion left in passing that the orchestra under Bernard Haitink's guest conductorship is not the instrument it was when not so long ago he had principal charge.

In the opening work, Bizet's Symphony in C, the outmost movements were both heavy and untidy; violins made a spirited but spindly attack upon those racy groups of semiquavers rather than taking them in confident unison. An orchestra of this size is really too large for a work that summons so fresh and elegantly French a response to the classical symphonic tradition. And, in truth, Haitink's grip on the work was itself a touch tight.

The toughness and commonsensical approach, crossed with a genuinely recreative imagination, that are the special qualities of Haitink's musicianship at its best worked magic out of material that to less receptive hands has often proved elusive Debussy's *Jeux*. Again, one could note that measured by past LPO standards (and by those of a Concertgebouw *Jeux* conducted by Haitink, and broadcast the other day) Sunday's tracery of those will-o'-the-wisp violin tremolos, those Lalique swirls of phrase, was apt to go patchy. But because the conductor has penetrated the secret of the music, divining the dramatic intention behind every little nugget and curlicue, the music moved with a wonderfully alluring stride, at once strong and seductive.

If Debussy is a composer over who Haitink has exerted an ever-growing mastery, Brahms was always his natural province. The orchestral opening of the Brahms D Minor Concerto was powerfully hewn, in craggy yet firmly placed sequences, a perfect introduction to Daniel Barenboim's reflective first statements. Except at the highest moments of double-octave pounding, sketchily traversed, Barenboim gave a commanding account of his still-considerable pianistic powers. Both the luminous bell-tones and the ability to size up the full weight of the music seemed untarnished; but what emerged most impressively was an increase in understanding of its quiet, in-drawn solemnity. This was the work of a mature artist.

Hallé/Free Trade Hall

Arthur Jacobs

"Balance the unfamiliar with the familiar": It is a maxim which concert managements do not always find easy to apply, but on Sunday it succeeded in bringing a full audience to hear William Mathias's *This Worldes Joie*, a 50-minute cantata of Old English texts, new to Hallé audiences. Coupled with it was Holst's *The Planets*, to which the Hallé Orchestra and James Loughran may claim a special attachment. Their recording of it has sold more than 200,000 copies in the UK alone, a prodigious total for a classical record.

On this occasion *The Planets* were displayed firmly in their emotional orbits, with Uranus particularly fine. Mr Loughran brought similar authority to Mathias's cantata, in which the Hallé Choir (competent, but not exhilarating) was joined by the lively, clear-voiced boys from Manchester Grammar School and by the soprano, tenor and baritone soloists who participated in the first performance of the work nine years ago. Janet Price sang delightfully and Michael Rippon communicated in his usual forthright style, but Kenneth Bowen's tones were neither honeyed nor firm enough.

What an odd piece it is! In music, as in painting, many a reputable work has shown a debt to a work of someone else's and has been no worse for that. But *This Worldes Joie* is not only obviously formed on the model of Britten's *Spring Symphony*—which is likewise a compilation of poetry on a seasonal theme, in four movements, for boys' and adult choir and three soloists—but is written in a kind of diluted Britten style, the older composer's figure and audacity now replaced with mannerisms of which the *ostinato* and other forms of repetition are the most wearying.

Here indeed appears a paradox. Holst's music is sometimes criticised for over-indulgence in *ostinato*, but *The Planets*, on no matter how many re-hearings, sounds ever-fresh, a masterly invention. Mathias's piece was, I have to say, born stale. The "familiar" and "unfamiliar" components of this programme were, on a deeper level, reversed.

Flanagan and Nash—Whitechapel/Third Eye, Glasgow

In pursuit of nature

William Packer

Barry Flanagan with his hare sculpture "The Boxing Ones"

This has been a very good year or so for Barry Flanagan, even for him who has seldom lacked the opportunity or inclination to show his latest work. As so often before he has been again the ornament of major group exhibitions at home and abroad: British Sculpture at Whitechapel, British Art in Tokyo, Documenta at Kassel, Zeitgeist in Berlin. The flow, meanwhile, of gallery shows continues unchecked, with his recent stone carvings now at Waddington (until January 29). And, most conspicuous of all, having been chosen to occupy alone the British Pavilion at the Venice Biennale last summer, his work was taken on to Krefeld by the British Council. It now has come at last to fill the principal gallery of the Whitechapel, by courtesy of direct sponsorship by Romulus Construction Ltd (until February 20). From being a young and always interesting sculptor, in his early forties he has become a power; an enviable condition, and not altogether undeserved.

One of a group of dissident and wayward artists, out of St Martin's School of Art in the later sixties and reacting against the heavy metal orthodoxies of the time, he felt as free as any of his fellows to use the most casual and insubstantial of material, and to take the world itself as his studio.

If he left to the others the earnest trek into the furthest landscape and the remote and unseen souvenir, the footsteps in the grass or the neat row of stones, his own intervention might be quite as judiciously direct and informed by a most delicate wit: holes in the sea, wonky bollards in the street, carefully folded sheets of hessian in the corner of the room, and snakes of rope across the floor.

But these were early days: the scope of the Whitechapel exhibition extends back only to 1973, which was clearly a turning point. The previous year a large work set up in Cambridge had been grievously and repeatedly vandalised, and now Flanagan was to abandon his flimsy materials and temporary installations for stuff apparently so much more substantial. These are the first carvings we now see; the little piles and collections of assorted fragments, trophies or markers as it were, discreetly, sometimes barely altered or modified, appropriated more to the artist by his sign or mark, like the cups and rings upon an ancient fort, than by any more comprehensive exercise. For whatever the appearance, Flanagan remains essentially the same kind of artist he ever was, for whom the creative act is not so much one of achieved expression as of nomination and signature; as who should say: "This is remarkable because I have remarked it: this is interesting because it interests me; this is art because I have touched it."

It is a perfectly honourable position for the artist to take up; though it may have been self-consciously developed by the recent avant-garde, it remains implicit in our perception and experience of the authentic and personal work in the art of all periods and kinds. But it has a certain inevitable limitation to it if indulged too carelessly, for in making the point of the artist's particular intervention, we find ourselves celebrating not so much the work but the artist himself. It is a tricky heresy which accords worth to the end by virtue of intention and means, yet without reference to that end; a kind of reward without responsibility. Whatever is done will do: and we only have to look on to Flanagan's crude coil pots and pinch bowls to admit at least a doubt or two.

His bronze hares leap and prance, the most engaging and easily delightful of recent works by any British sculptor, and yet we look closely at them only to be let down, if only a little. For as objects, the perfunctoriness and extenuation of their modelling bespeak at once an admirable facility in execution and no ambition that goes beyond the statement of the idea of the image, unstudied, unresolved, unformed. Take the base clay as it comes, and cast it in bronze, patinate it, gild it, have a small roll or twist of it arbitrarily enlarged and carved in marble, and though the conjuror delights with his speed and sleight of hand, the clay remains untransformed. A precious sensibility and a deft touch are perhaps not quite enough. Flanagan has started many hares, and done more than enough to command our continuing close attention in doing so, but it is hard to say which one he will, or should, now chase to the end. Or perhaps he is content to go on just chasing now one, now another.

The point is made the more forcibly by the coincidence of another sculptor's retrospective, though one that covers some 15 years. David Nash is rather younger than Flanagan, but of the same effective generation and, though not of St Martin's, he has shared many of those preoccupations with natural and immediate material, the direct intervention in the landscape and collusion with Nature, and the process of the artist itself as a kind of Art. But in contrast to Flanagan's diffusion of interest, he has become ever more particular and concentrated, with the result that what had at first seemed fey, precious, affected self-conscious has accrued steadily over the years into a substantial and coherent body of work, which makes no excuses but rather explains itself as it is, without even requiring any particular exposition.

His show "Sixty Seasons," now at the Third Eye Centre in Glasgow (until February 12, then to Edinburgh, Llandudno, Swansea and Stoke-on-Trent) covers his work from the time of his move to Blaenau Ffestiniog, which remains his home, to the present; and it traces his increasing absorption in the qualities of wood in their endless variety: formal, poetic, practical, organic, imaginative. As he has come to allow the material, live or dead, to lead and fire his imagination, so he has moved away from an academic modernism into something altogether more personal.

His method is disarmingly direct and practical and deceptively improvisatory, the limitations of new, unseasoned or fallen timber gleefully accepted and exploited. Fine joinery is not the point: a box is knocked and pinned together in the full knowledge that as the wood warps and shrinks so it must at last crack and burst. Its members planed selectively, a branch springing from its side perhaps. Daphne's furniture caught in mid change his table race across the forest floor, his frames hand in mid-air, his tripods twist and lean together. Seeds are planted in formation and so the saplings spring up to be trained and spliced, grafted, pleached in a programme that may take 30 years to reach its final state; an ash tree dome perhaps, or a living willow ladder.

And if other natural opportunities present themselves and fire and water propose themselves as the active agents in the work, leading him to investigate the strange properties of a snow stove, for example, compared to one built of peat, soon he must be back with wood and firing, charring, scraping and cutting away at that, or dropping his wooden boulders or tree trunk tunnels in the river to see what may become of them.

In connection with the show of British Art in Tokyo last spring, the British Council found a fallen tree for him to work with half-way up a mountain at Kotoku in Japan. Without any affectation or false romanticism on his part, that would seem to have been a kind of home-coming for him, for with all the barriers of language and culture notwithstanding, he enjoyed an instinctive sympathy and working understanding with the woodmen who were assigned to help him. They could see just what he was about with his arches, stoves, boxes, tunnels. It would be sad if anyone who comes upon these seductive and accessible objects here should put up any unnecessary barrier for himself. These are strange things, which is part of their power and charm, but they are hardly difficult, given that initial sympathy.

Turning point on Broadway

Frank Lipsius reviews a year which left 15 of Broadway's 39 theatres dark, and 11 more under threat.

Broadway's highest prospect for the New Year appears to be the outer space-style structure rising from a hole where three theatres used to stand. The futuristic building is to be a new hotel—a development that was welcomed, as long as Broadway prospered. Still promoted by civic lobbyists, it is vilified by actors and writers who, as Broadway falters, see the hotel as a symbol of the encroachment of commerce on the arts.

1982 proved to be the turning point when the only hits would be the blockbusters guaranteed a long run through any economic vicissitude; but the theatre community was not shocked into a rash reaction—like lowering ticket prices. At year end 15 of Broadway's 39 theatres were dark, and 11 more under threat. Openings just fell off abruptly, with only two plays scheduled for November, usually the height of the autumn season.

Instead, plays clustered round Christmas to attract the crowds that already make December 24 the biggest single day for film attendance in America. The large number of openings rivals early May, when plays arrive for last-minute Tony Award eligibility.

One good musical to open this year before May, the revival of Neil Simon's *Little Me*, did not last long enough to get serious Tony consideration, while *Nine*, a brash and engaging but not memorable version of Fellini's *8½*, opened on the last day of eligibility in May and came out the ultimate winner, with special notice given to director Tommy Tune and star Raul Julia.

Next year's Tony musical winner will have to beat out *Cats'* explosive reception which was suspiciously heralded for the nearly $5m spent on the transformation of the Wintergarden Theatre and the adulatory advance word from London.

While *Cats* is still enjoying turn-away crowds, it is vulnerable to any musical to arrive full of good tunes, a book consisting of more than lyrics and a production less intent on hiding what is not there behind the costumes and cuteness.

The year's Tonys for drama were dominated by *Nicholas Nickleby*, which closed in January, followed by Athol Fugard's view of a South African adolescent in the 1950's *Master Harold . . . and The Boys*, which starred Tony-winning Zakes Mokae until he went back to South Africa for the real-life drama of trying — unsuccessfully—to save his brother from being executed.

The drama to beat in the Tonys this year will be *A Torch-song Trilogy*, the riveting story of a drag queen played by its author, Harvey Fierstein. Though not the traditional subject matter for Broadway, the play is a remnant of the once hallowed progression of plays from off-off to off- and then to Broadway, this one having begun as three distinct one-acts premiered at La Mama.

If Broadway no longer looks for regeneration from its downtown offspring, off-Broadway itself has less to offer. The established off-Broadway companies seem to be trying to protect their futures by settling into one kind of play that can be milked in various guises. Cautionary lessons were doubtless learned from the fate of the Phoenix Theatre, which started the season healthily enough in a new house at the Citicorp Centre, and died there by year-end after 30 years of encouraging young playwrights on both sides of the Atlantic.

Circle Rep has acquired an unfortunate taste for the big questions, issues than can be writ so large they are more brand names than ideas. The company's play titles have even become indistinguishable: Lanford Wilson's trite *Ruminations on the Bomb, Angels Fall*, soon followed by Michael Cristofer's equally mundane disquisition on the Nazi era, *Black Angel*.

The Manhattan Theatre Club opened the year with a fascinating production of Howard Barker's *No End of Blame*, the thoughtful story of a Hungarian refugee's rise to acclaim as a London cartoonist, starring Michael Cristofer, whose writing has boosted his more deserving acting career. MIC then took a fancy to period pieces, starting with *The Singular Life of Albert Nobbs*, Simone Benmussa's recreation of the true, but inert story of a 19th century Irish waiter, played convincingly by Glenn Close as a woman forced to dress as a man to keep her job. Even the contemporary *Solly and Morsha* by Syhille Pearson made the Upper West side of New York look like a period piece with closely observed, funny social conflicts based on pregnancy, the difficulty of finding flats in New York and other minutiae portrayed by the lively duo of Bernadette Peters and Christine Baranski.

After an expensive disaster with an adventurous and under-appreciated musical about Germany in the First World War, Des Me Anuff's *The Death of von Richthofen as Witnessed from Earth*, the Public Theatre started importing productions from England, with David Hare's *Plenty* followed at the end of the year by Caryl Chuchill's Royal Court production of *Top Girls*.

Plenty moved on to Broadway with Kate Nelligan retaining her starring role surrounded by an American supporting cast led by Edward Herrmann as her diplomat husband.

Top Girls will have a limited run as part of an exchange programme that should see Public Theatre productions go to the Royal Court.

The summer's two outdoor productions confirmed the public's mastery of its beautiful Central Park setting with James Lapine's *A Midsummer Night's Dream* played against the storybook lakeside stage, while Richard Foreman's version of Moliere's *Don Juan* blocked off the natural scenery to concentrate attention on the flamboyant costumes and outrageous cavorting of a courtley merry minuet.

Theatre Row on West 42nd Street added the Manhattan Punchline's repertory of comedy revivals, the latest being George S. Kaufman's 1925 behind-scenes farce, *The Butter and Egg Man*, to what has become a showcase for the successful playwrights' horizons. Having brought Christopher Durang's funny *Sister Mary Ignotius Explains It For You All* from the Ensemble Studio Theatre, it originated *Geniuses*, Jonathan Reynolds' well-plotted farce of California types shooting a film in the Philippines, and then spun it off to a new fixture on 42nd, the Douglas Fairbanks theatre.

Independent off-Broadway productions included the camp hit of the season, Alan Menken and Howard Ashman's musical rendition of Roger Corman's B-film, *The Little Shop of Horrors*, David Mamet's effort to dissect middle-class murder in *Edmund*, exploitation of a dead hero in the clone-rock musical *Lennon*, and a menacing version of Sam Shepard's *True West*.

The end of the year was jolted by the compelling drama, *Extremities*, William Mastrosimone's frighteningly realistic account of a multiple rapist's encounter with three potential victims.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 21–27

Opera and Ballet

LONDON

Royal Opera, Covent Garden: The repertory consists of Samson et Dalila (Jon Vickers and Shirley Verret returning to the magically beautiful Sydney Nolan sets of last season's new production) and Der Rosenkavalier, with the well-routined Marschallin and Octavian of Gwyneth Jones and Yvonne Minton joined by Yvonne Kenny's first Covent Garden Sophie. Georges Prêtre is the Saint Saëns conductor and Andrew Davis the Strauss.

Sadler's Wells Theatre: The New Sadler's Wells Opera inaugurates its first season as resident operetta company of the house with new productions of Lehar's The Count of Luxembourg and The Mikado.

English National Opera, Coliseum: A long-awaited new production of Tchaikovsky's Queen of Spades by David Pountney shows off the principal trio of Graham Clark, Marie Slorach and Sarah Walker as well as conductor Mark Elder. Further performances of the company's impressive Otello and rather more ordinary Gounod Romeo and Juliet and La Bohème.

PARIS

La Boheme conducted by Alain Lombard, produced by Gian-Carlo Menotti with Leona Mitchel and Helene Garetti alternating as Mimi with Faye Robinson in the role of Musette. Paris Opera (7425750)

Jon Vickers at the Royal Opera, Covent Garden

WEST GERMANY

Berlin, Deutsche Oper: Ariadne Auf Naxos produced by Rudolf Bellner brings together Janis Martin and Gerd Brenneis. Die Fledermaus has fine interpretations by Garry McDaniel and Gerti Zeumer. Madame Butterfly, conducted by Janos Kulka, has an all-Italian cast. Der Wildschütz with Barbara Scherler and Peter Seiffert in the main parts rounds off the programme. (34381)

Hamburg Staatsoper: This week's highlight is Otello with Franco Donisolli in the title role, Piero Cappuccilli in the part of Jago and Eva Marton as Desdemona. Die Zauberflöte features Harald Stamm and Elsie Hobarth as Queen of the Night. Der Troubadour has Jelena Obraszowa excelling as Azuena. (351151)

Cologne Opera: Der Freischütz benefits from a fine performance of Siegfried Jerusalem as Max. Hoffmanns Erzählungen has Edda Moser as Olympia. Die Heimliche Ehe conducted by Arnold Oestman has Georgine Resick and Claudio Nicolai. (20761)

Frankfurt Opera: Die Hochzeit des Figaro with Judith Beckmann and Barry McDaniel in a dramatic and well-paced performance. Parsifal, produced by Ruth Berghaus, is one of the most spectacular of current Wagner productions with Walther Raffeiner in the title role. (25621)

Stuttgart Württembergisches Staatstheater: premiere this week of a new production of Der Troubadour by John Dew, conducted by Lamberto Gardelli with Eva Randova as Azucena and Juan Lloveras as Manrico. Der Freischütz has Catarina Ligendza as Eva and Manfred Jung. Die Lustigen Weiber von Windsor with Sylvia Geszty is a fresh and delightful revival. Hänsel und Gretel completes the programme. (20321)

Berlin Opera: World premiere of Tutuguri, to music by Wolfgang Riehm, a young German composer. Choreographed by Moses Pendleton, one of the leading dancers (Wed).

ITALY

Rome, Opera House (463641): Idomeneo conducted by Peter Maag (Wed).

Milan, La Scala (8099126): World premiere of Lieb und Leid choreographed to Mahler by Joseph Russillo.

Florence, Teatro Comunale (262841): The Nutcracker with Elisabetta Terabust.

Florence, Teatro Comunale (262841): Falstaff in a co-production of the Los Angeles Philharmonic Association and the Royal Opera House, Covent Garden (Thur).

VIENNA

Staatsoper (5324/2655): Der Liebestrank, Don Pasquale, La Cenerentola, La Traviata, Le Nozze die Figaro. Volksoper (5324/2657): Die Feenkönigin, Kiss Me Kate, Gasparone, Die Lustige Witwe, Der Vogelhändler.

NEW YORK

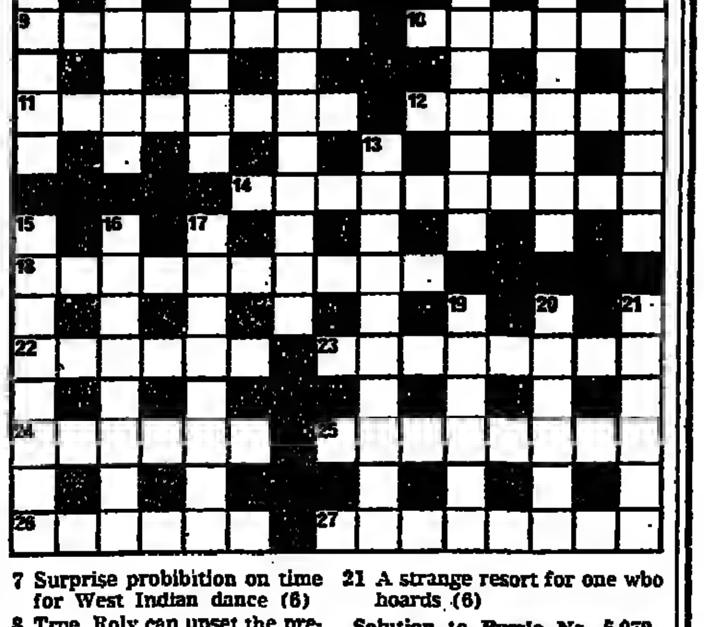
Metropolitan Opera (Opera House, Lincoln Center): First seasonal performance of La Bohème conducted by James Levine and staged by Franco Zeffirelli joins repertory performance of Adriana Lecouvreur, Les Contes d'Hoffmann, Boris Godunov and the last performance of Pelléas et Mélisande. (580 9830)

New York City Ballet (New York State Theater, Lincoln Center): The mixed repertory includes works by Jerome Robbins, Peter Martins and company head George Balanchine. (870 5570)

WASHINGTON

Washington Opera (Terrace Theater, Kennedy Center): Andrew Porter's new translation of The Abduction from the Seraglio and evening of Trial by Jury, with the D'Oly Carte's John Reed as the judge, and M Choufleuri. (254 3670)

F.T. CROSSWORD PUZZLE NO. 5,080



ACROSS

1 Solitary Scotsman with wine around (8)
5 Modern humour meets with success (4, 2)
9 Memo about protocol — hardly my cup of tea (3, 3, 2)
10 Terrorist — one from South Africa surrounds the doctor (6)
11 Wet, and angry about the trick (8)
12 "The royal —, and all quality" (Othello) (6)
14 The test for one who drinks and drives is really in the country (5, 5)
18 A solitary star could make Bogart rage (5, 5)
22 Ruler receives a blow after a day (6)
23 A happening in the Yard upsetting ten (8)
24 Perception — that's the last word to use about the copper (6)
25 A good mixer, but a trouble maker (8)
26 Not the type of bowling that wins Test matches (3, 3)
27 A bad cold makes yon flag (8)

DOWN

1 People bathe in the hills (6)
2 Officer with a public following (6)
3 Parasite thrown up in defeat (6)
4 Later Miami could be unimportant (10)
6 "'tis mad — to make the service greater than the god" (T. and C.) (6)
7 Surprise prohibition on time for West Indian dance (6)
8 True, Roly can upset the present government (4, 4)
13 A cab after dark for an absconder (3-2-5)
15 In which God was our help (4, 4)
16 A word of command suggests a change from 8 (4, 4)
17 In France Tuesday includes a hall of copper coin (8)
19 Colour sounds like a town in Oxfordshire (6)
20 People with a stomach — take it on the chin (6)
21 A strange resort for one who hoards (6)

Solution to Puzzle No. 5,079

FINANCIAL TIMES

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Tuesday January 25 1983

Opec again at the brink

DELEGATES of the Organisatioo of Petroleum Exporting Countries went into their weekend meeting in broad agreement on oil pricing strategy, but in disarray on production quotas for individual countries. They emerged yesterday disagreeing strongly on botb issues.

The result is that tbe Opec cartel is closer to disintegration than at any time since it brought about the first oil shock of 1973; the official—and increasingly nusleading—reference price of $34 a barrel seems unlikely to survive much longer and currency markets, if not as yet the oil market itself, have been subjected to yet another shock.

On the price froot, the cause of the trouble appears to have been disagreement over the appropriate differentials to be charged for premium grades of crude oil produced by Nigeria, Libya and Algeria. Saudi Arabia and Kuwait ergue that the current $1.50 premium for such oil—which is somewhat notional in view of the covert discounts that ere now being offered to oil companies—is inadequate.

Disruptive

At the same time the delegates were unable to reach agreement on how a production ceiling of 17½m barrels a day should be shared between member states. Sucb is the financial and political pressure on countries like Venezuela to keep up revenue and such is the political friction between Saudi Arabia and certain other members such as Iran, that the problems of reachiog agreement here are manifest.

The outcome is non the less more disruptive than might have been expected. And there are indications that Saudi Arabia may have been forced into an exercise in brinkmanship wbose consequences are difficult to predict. Sheikh Yamani, the Saudi Oil Minister, appeared after the meeting to be talking down the oil price hy suggesting that the price of North Sea oil will shortly come down — which would perhaps allow the Saudis to cut their prices without excessive loss of face. The result of the meeting could on the other hand be taken to indicate that the Saudis believe that Opec will not come into line unless it is subjected to e short, sharp downward price shock.

Either way the blessings would be limited for the Western industrialised countries, as well as for Opec. The immediate advantage of e fall in oil prices is that the debt servicing capacity of non-oil less developed countries is enhanced. At the same time the import bill of the developed countries is usefully reduced.

The off-setting factors are the threat to the banks thet arises over heavily indebted oil producers like Mexico, Venezuela and Nigeria (and tha consequent threat to political stability); and the reaction of the currency markets, where e soaring dollar contributes to protectionist pressures in the U.S.

Reduction

The best short-term outcome for the West would probably be e reduction in price to somewhere around $28-30 e barrel, conducted with e minimum of fuss end instability. The qnestion, however, is whether one reductiog in price would not immediately be followed by another.

The likelihood is that demand for oil will fall in the spring and that any upturn in the world economy will take some time to come through. The risks for tbe world benking system would accelerate uncomfortably if supply and demand for oil wera brought back into balance via a sharp plunge, followed by an equally jerky rise when world demand started to pick up.

Solidarity

Opec is unquestionably close to the brink. But it is too early to say with conviction that the cartel is finished. The one thing that is likely to bring back solidarity into its proceedings is the pain that would follow from a period of chaotic conditions in the market place.

It would be very surprising if the Saudis consider that a roller-coaster of this kind would be in their own economic and political interest. And they still have the financial strength to stem the tide by further reducing their own production.

French ambitions in electronics

"HISTORIANS WILL be surprised to see that during this period Europeans had extreme difficulty in defining themselves as European in economic matters," M Michel Jobert, the French Minister for Foreign Trade, predicted in a speech in London last week. He regretted that it had tended to he Americans who hed instigated industrial investment on a European scale and he urged Europeans to assert themselves.

Tbere can be no doubt that U.S. multi-national companies were progressive in this respect. They were able to take a more detached view of the frontiers between European countries while European managements were either constrained by nationalist inhibitions or tended to shape their trans-border ventures to national ends rather than to the real demands of the market place. But M Jobert'a historians might well conclude that such constraints were heightened during the early 1980s when the French Government nationalised most of its leedlng industrial companies and made it harder to distinguish between France's European idealism and its economic nationalism.

Tbe proposed merger between Grundig, the West German electronics business, and Thomson-Brandt of France is e case in joint. The deal seems to be in jeopardy et the moment because of West German worries ebout the scheme. The Germans are concerned at the thought of a French company gaining control of over half of the West German television market. They fear that Thomson will close down German manufacturing plsnts. They worry about loss of sub-contracts to major German compenents suppliers. They feel, more generally, that the electronics sector may be the Achilles beel of German industry and are relnctant to sell a flagship in the business. Wtth a general election looming these are seotiments which even the liberal German Economics Minister must find hard to ignore.

Evidence

If the French bidder were a free economic agent it would be simple to condemn these reservations as short-sighted and as further evidence that West Germans tend to pay lip-service to the free market principle but look after their own as soon as the going gets tough. The management of Thomson-Brandt is douhtless quite right when it maintains that a European company needs to acquire a large share of the European market for a consumer product if it is to compete successfully against the Jepanese. West German plants would have to prove their worth to such an enlarged enterprise, as would component suppliers.

It is the French state's newly established ownership of Thomson-Brandt which weakens tbis line of argument. Thomson-Brandt is an instrument chosen by the French Government to "recapture the domestic market" and to create exports and secure jobs in the businesses of consumer electronics, electronic components and telecommunications. This makes it hard to maintain that the Thomson-Brandt management will be steered only by the profit motive in deciding where to centralise production, or that it will be free to source its components in either France or West Germany. It is even difficult to refute German suspicions that state backing has enabled Thomson-Brandt to offer a price for Grundig ahares wblch no German company could sensibly match.

Approach

This is not to assert that the European state has no role in prompting industrial development. There is much that it is commendable in the approach of this and previous French governments — their positiveness, their infectious sense of economic mission, which at the very least creates an atmosphere in which entrepreneurs feel there is much to play for. A European government should certainly not be debarred from chivvying and enticing and helping its industry to compete forcefully and on an international scale.

But wa have pointed out before that France'a policy of nationalisation complicates rather than helps the development of French-based European or multinational companies. The Thomson - Brandt - Grundig merger makes industrial sense, but the onus is on France to show that the merged company will be run on commercial lines and not as a vehicle for French national interests.

State of the Union message

The speech Mr Reagan will not be giving . . .


Ashley Ashwood

Tonight Ronald Reagan will deliver a speech to Congress assessing the health of the U.S. two years into his presidency. Reginald Dale, U.S. Editor, gives an alternative version

MR SPEAKER, Mr President*, distinguished members of Congress, honoured guests and fellow citizens.

I come before you tonight to deliver my second State of the Union message, a constitutional duty as old as our republic itself. As usual I had my speech-writers compose an eddress holding out the vision of a new stroog America—that last bastion of democracy in nur troubled world, in which the candlelights of freedom are going out one hy one.

But just now I said to myself, "This is not the way." The hallmark of this Administration is fairness and honesty, and you folks out there in Steubenville and South Succotash deserve to be told it straight, the way it really is. I want you to know that just five minutes ago I tore up that speech and told them to disconnect the teleprompters. So bere goes.

Well, the first thing I have to tell you all is that the last two years have not gone according to plan. The way I had boped it would be by now, we would already be into our second year of sustained economic recovery. My policies would have seen that the boom and bust cycles of the past 30-odd years were replaced by steady economic growth stretching way out there into the future as far as the humen eye could see, like the mighty plains of our great nation.

We would be enjoying a new era of prosperity, based on increased investment, lower taxes and Governmant spending, higber savings, full employment and growing productivity. Next year's Federal budget, which I am sending to the printers this week—a little late, owing to what some of you in the Press corps have identified as "disarray" among my principal advisers—was to heve been balanced et "zero-zero," just like that arms agreement that my old friend Paul Nitze† is trying to negotiate over there with the Russians.

Worldwide, America was to bave gained "a new respect among nations," as I think it said in that original text I just tore up. After years of neglect, our unparalleled resources of manpower and material, spurred by the greatest increase in defence spending in our peacetime history, were to have put America back where it belongs as Number One world military power.

Well, whet do we have? We are in the rough trough of the worst recession since the great depression of the 1930s. We see recovery on the way, but we don't know by bow much, and I've given up believing the forecasts my advisers write down on those little cards they give me. We have the highest unemployment since World War Two, and I'm told it won't get much better even when the economy picks up. I know a lot of you are worried about this, and so am I too if it helps the Democrats in 1984.

We have the biggest budget deficits ever recorded in our nation's history, and all I can do is to try to turn the trend down a little in what we call the "out-years." If I had one of my simplified red and blue charts here, I could show you bow it works.

I still can't really understand what went wrong. It all seemed so simple, and I am a man who believes in simple answers to complex questions. But I never said it would be easy and they tell me now, even my good friend Paul Laxalt‡ down there in front, that it can't go on lika this. They tell me my priorities can't be reconciled—that I can't cut taxes, boost spending on our armed forces and balance tha budget all at the same time. That'a not what they told me two years ago wben we started out.

This is the point et which I would have blamed past administrations and spendthrift Democratic congresses for all our troubles. But I admit that that line is wearing a bit thin after two years in office, so I shall spare you from it this evening.

As I bave said over again, I heve not changed my philosophy. But I'm beginning to see that our great ship of state may need a little touch on the rudder. I've told Cap Weinberger§ he's got to come up with some savings in the defence budget that look like real cuts but don't actually interfere with the building of a whole lot of advanced new weapons which the military wants hut I know many of yon out there don't think we really need.

Our great ship may need a little touch on the rudder

I'll cut back more on social spending — it won't burt the really needy.

And I'll try to think of a new word for tax increases — that phrase "revenue enhancement" is beginning to look a little jaded, and the idea of "user fees" never really caught on. One way or another, you're going to have to give me back some of those dollars I let you have in my original tax cut.

I was going to ask you all to look on the hright side. We have, after all, brought inflation down to under 4 per cent from well over 12 per cent in 1980, and interest rates are down too. The Prime Rate is back to 11 per cent, a fall of almost a half in two years, and mortgages are down to 12 to 13 per cent.

But I would not be fair with you if I didn't say that inflation has coma down faster than we intended, throwing out our budget calculations and putting the squeeze on a lot of businesses that didn't expect it, that real interest rates are still pretty higb if you do your sums right, and that both may go spiralling up again if and when the "Reagan recovery" gets under way.

I still can't make out whether Paul Volcker¶ and his fellows over there at the Federal Reserve Board are going to be helpful about this — they haven't been as co-operative as they might so far — though I assume Volcker realises his job is on the line later this year.

If I have concentrated so far on the domestic picture, it is because you have the votes. But I have to admit that things have not gone too well on the international front either. It'a been a bit better since I got rid of that pushy Al Haig.

I think you'll agree that fine American George Shultz is doing a better job of keeping his nose clean and getting on with the job, although there's still a long way to go.

This new fellow in the Kremlin sure looks like ha means business, and those untrustworthy Europeans seem like they're falling for his line. I hava to confess I baven't yet come up with the answer. The Europeans don't seem to understand the logic of my point that you bave to rearm in order to disarm, particularly when it's on their own territory. But I decided only last week to step up my propaganda counter-offensiva, although I prefer to call it "public relations." Perheps if they'd understood our point of view better, there wouldn't have been so much fuss over that pipeline deal that left me looking kinda dumb last year.

Let's look at my two major foreign policy initiatives—on arms control and the Middle East. Quite honestly, we just don't know whether either of them will work. We won't accept an arms control agreement like Jimmy Carter's that leaves us with anything less than "parity" with the Soviets. The problem is that both we and they think the other guy is ahead at the moment. So it may be best to wait until we're sure we've caught up—which is why I wisb you folks here in Congress would not be so difficult about my MX missile. If I can't have that—worse still if the Europeans won't take those other things—I'm going to look pretty bad in the history books.

In the Middle East, the Israelis have been most ungrateful about my peace initiative, considering all the arms we've given them. I wish they would see things my way without my having to do something that might upset the Jewish lobby here at bome. The Arabs don't seem to understand that we have gone as far as we can reasonably he expected to, and that tough little King Hussein of Jordan won't play ball. In a word, the wbole thing's a mess.

Nona of this is doing much good for my image as a world leader, although I have just published e 118-page booklet on my presidency showing that I met with the leaders of 65 countries in the last two years—and I baven't done too hadly at international summit meetings except for that fiasco in Versailles where our host Mr Mitterrand stabbed me in the back just as soon as it was over. Our boys should have warned me about that one earlier.

Right bare at home, they tell me I've got a leadership problem too. It's hard to know what you common folks feel, becanse I don't get the chance to go out much — not even to look at the magazines down at the corner store on Pennsylvania Avenue. But Ed Meese|| tells me that the opinion polls put me lower than Jimmy Carter at this time in his term of office. It seems that they figure I would get beaten by any number of leading Democrats if I run again in 1984.

I know that the coming year will be crucial

Well, I know my decision on that is something that is bothering a lot of you, and its only fair to tell you I'm still in two minds about it.

If I come out too early saying I want to run, they'll think that everything I do is motivated by some sort of political reason rather than the good of the country. If I say I'm not running, I'll be a "lame duck" president with two years still to go and the Congress will get even more obstreperous.

I have to admit I am feeling the heat a bit on this too. When Howard Baker** said he was not running for the Senate again last week I said I regretted his decision. And I really did, because he wants to be the next Republican president and it puts pressure on me to make up my mind. I was not too pleased either that Teddy Kennedy dropped out of the race on the other side — he would have split the Democrats right down the middle and I am sure I could bave beaten him. Again, if I hold out too long before stepping down, I risk handing the nomination on a plate to George Bush and we will lose that way too.

As it is, my fellow Republicans are not all looking as friendly as they might be right now. Some of them really put the squeeze on me over the budget, and I saw a number of them not wanting to have too much to do with my policies in those mid-term elections we had a little while back. Why, some of them did not even want me at their fund-raisers.

My Right-wing friends are also showing signs of what I can only call ingratitude. It is trua maybe that I have not pressed as hard as they wanted on some of their pet issues like abortion and school prayer, and forgot about tha Panama Canal. But they should not have expected that all that was going to be possible et a time when we had to get the economy right as our first priority — and I am afraid dear old Jesse Helms†† who I believe is with us tonight messed up the whole thing a bit in the Senate. Any way, figured, what the heck, they are not going to vote for some Democrat next time, are they?

So what is our task for tha two years that lie ahead in the historic rebuilding of America. Incidentally, I think the "new Federalism" revolution I launched from this very podium last year is best forgotten, along with some of my other more ambitious plans for getting government off your backs. What we have got to do is to show faith in our future. We must get the economy moving again and rid our nation of the cancer of unemployment. I don't think I'd better repeat my old line about the number of "help wanted" ads I've seen in the Washington Post, or that suggestion that each business hire one unemployed American. Neither of them seemed to do the trick.

Let us hope rather that the underlying strength of our great country's economy brings recovery at the right time, regardless of the battering it has received. I know that the coming year will be crucial not only for the fortunes of all Americans, but also for my chances of re-election. Who knows, if it all comes together, and unemployment starts to come down on cue, I might just make it. Until then, if you will allow me just one allusion to that great statesman Winston Churchill, as fine a man as Margaret Thatcher, right now I find it really bard to tell whether my Administration is at the end of the beginning or the beginning of the end.

Good night and God bless you.

** Vice-President George Bush, who presides over the Senate. † Mr Paul Nitze, U.S. arms negotiator in Geneva. ‡ Senator Paul Laxalt of Nevada, Mr Reagan's "closest friend" in Congress. § Mr Caspar Weinberger, the Defence Secretary. ¶ Mr Paul Volcker, chairman of the Federal Reserve. || Mr Ed Meese, White House counsellor. ** Senator Howard Baker, leader of the Republican majority. †† Senator Jesse Helms of North Carolina, leader of the arch-conservatives.*

Men & Matters

Pym's Europe

"Like the British historian Macaulay I would rather have an acre in Middlesex than a principality in Utopia," was Francis Pym's elegant summing up of Britain's approach to EEC membership in Brussels yesterday.

He was launching a new government pamphlet called Positive Approach whicb is intended to convince those continentsls that London has more thougbts about the Community than just bow to get its budget payments refunded. It cousists largely of extracts from speeches delivered by tha Prime Minister and ber team during the last couple of years.

Lord Carrington is qnoted as having said in Hamburg two years ego that "rhetoric is not enough." Nonetheless, the British appear to think it no bad starting point judging by the new volume.

One of the reasons for the pamphlet's appearance in all the Community's seven languages is British Government dissatisfaction with the minimal press coverage devoted to no fewer than 11 speeches delivered by ministers in the latter part of 1982 on Britain's ideas for developing a full range of EEC policies.

The pamphlet's contents and its slightly bilious green cover bemused European journalists in Brussels who spent the rest of the day reporting Pym's solitary stand on the tactics to he employed to persuade the European Parliament to release a £490m rebate on Britain's payments to Brussels last year.

Pym's epproach was positive in the EEC tradition. He settled for somewhat less than he wanted and e formula was agreed.

Short time

Italian workers may have suffered a cut in their wage indexation at the weekend—hut they still have quite a lot to look forward to, and soon.

An Italian newspaper yesterday discovered a woman, aged only 29, who has already retired and is drawing her pension. Ermanna Coffio, who was a school janitor in Friuli, in north-east Italy, merely took advantage of the country's generous pension laws which allow married women who work for the state to retire after 14½ years' service.

Men can retire after 19½ years, and women with degrees can deduct their time at university in calculating their retirement date, thus only needing to work for 11 years.

Indexed pension levels are often so bigh that it makes little economic sense for a worker to put off retirement. After 15 years' service, for instance, a teacher can choose between carrying on with a salary of L918,000 (£417) e month or retiring with e pension of Y698,000 (£317).

As a result, nearly 2 per cent of those who started drawing pensions in the late 1970s are under 40 and 17 per cent are under 55.

It is not surprising that INPS, the main state pension authority, last year paid ont L13,500bn (£6bn) more in pensions than it received in contributions; and that its accumulated deficit is already L22,000bn (£10bn) and rising explosively.

One green MP?

At least one memher of the "greens," the radical ecology and peace party in West Germany, will make it into the Bundestag on March 6.

West Berlin, which does not vote in the forthcoming election as it is still under the authority of the Western Allies as it has been since World War Two, has selected its representatives for the next session of the German lower house.

They inclnde Dirk Schneider, aged 43, a journalist. He represents the Alternative List which is the West Berlin offshoot of tha greens.

At their party congress last week the greens confirmad that their election programme promises to replace the "capitalist system of profits and industrial growth" with one centred on "ecological investment."

If the greens fail to get the 5 per cent of the West German ballot required for entry into the Bundestag that will leave Schnelder as the sole representstive of the unorthodox movement in the house.

But the greens have also pledged to rotate their delegates in the Bundestag every two years.

Schneider could find himself, at one and tha same time, the most insecure man in the housa (because of his party's pledge) and the most wooed man in the bouse if the predictions of the opinion polls are fulfilled and neither of the major parties (CDU and SPD) manages to win an absolute majority.

No fall-out

The Archbishop of Canterbury, Dr Robert Runcie, seems unlikely to be drawn into the controversy about nnclear weapons wben ba talks about war to tha Royal Institute of International Affairs today.

Not that he has been cowed by the explosions of outrage from the Conservative Party abont the support so far given by various churchmen to the unilateral disarmament campaign.

Runcie's reason for sticking to tha old argument about whether there is such a thing as a just war—a point of theological contention since St Augustine and St Thomas Aquinas—is due simply to the fact that the Church of England will give its definitive view on the nuclear issue on February 10.

Runcie will have his say then—together with as many of the 550-strong General Synod of bishops, clergy and lay members as can be squeezed into the six-hour debate at Church House.

Since the Bishop of Salisbury's working party report, "The Church and tha Bomb," hurst upon the Government last October, the Church of England has been working towards a sort of political compromise on the issue.

The report itself has been relegated to an appendix to a series of motions to be put to the assembly by the Board of Social Responsibility.

The central motion merely calls on the Government and Neto "to reduce progressively dependence on nuclear weapons in tha programma of defence."

Some amendments are expected to advocate the Salisbury group's demand for a unilateral policy, the cancelling of Trident and the phasing out of Polaris and other nuclear missiles.

But Government Ministers appear confident that, though there might be a few tremors, there will be no shock this time to their defence system.

Water-proof

Not even the rain helped to avert all the problems on the first day of tha water strike.

Travellers on British Rail's London Midland region faced agonising difficulties as all station lavatories were locked to save water.

"We are advising passengers to make alternative arrangements," a spokesman said. "We realise many people will find this inconvenient, but it is, after all, an emergency."

In Manchester, 2.5m consumers were advised to boil their water even before brushing their teeth. Those who popped their false teeth into a glass of water plus cleanser overnight could safely continue to do so without boiling it, it was said.

Observer

Letters to the Editor

Cheaper Opec oil outweighs embarrassment to bankers

From Mr Richard Viney

Sir, — Your article "A Dollar Test for Opec" rightly points out the classical dilemma nf a cartel in a declining market; however, it seems to suggest that the industrial nations should forget the agonies of the results of Opec's excesses. We have Saudi Arabia to thank for what little restraint was sbown. I fail to see why the international banking system, fresh from the eastern bloc lending disasters (subsidising their arms race, etc, etc) shnuld now expect to be cushioned from the results of their poor judgment in making excessive loans to Mexico for example, who spurned a reasonable offer for a long-term arrangement with tha U.S.

Having recently returned from the Frankfurt Textila Fair, where ona might have expected to discuss the relativa merits of new techniques or of various designs, I found that most of my time was spent with fibre producers who, like ourselves, desperately want to restrain prices in order to encourage what little new activity there is in the marketplace.

It was clear, for instance, that if the cracks in the oil cartel were to widen, then fibre prices would not increasa becausa of the weaker £. Surely, the benefits of cheap oil to both the Third World and the industrial nations far outweigh the short-term embarrassment of bankers. Industry will bave to pay all tha cost involved eventually, so why not start refuelling it with inexpensiva oil and loans at rates somewhere resembling those we maka to our adversaries.

Our own oil industry is bound to find the future difficult, but at least its activities will help to overcoma any balance of payment problems, even if it doesn't produce an immense return on capital.

Richard Viney.
Chairman, Abingdon Carpets.
Nuffield Way, Abingdon, Oxfordshire.

Concern over the Government's Loan Guarantee Scheme

From Mr P. L. Tann.

Sir,—In his article (January 11) on the future of the Government's Loan Guarantee Scheme, Tim Dickson refers to the area of concern which apparently is shared by ministers and bankers that budding entrepreneurs should not be absolved from all risk and that they should commit personal assets as security against such loans. At present no such commitment is required under the scheme.

I believe that it would be counter-productive and impractical to insist nn personal security.

Most would-be entrepreneurs do not have significant amounts of surplus liquidity so it is implicit that the personal assets to be pledged would be long-term assets and typically a house. Since this is probably already mortgaged elsewhere, tha net equity available must surely be limited. Psychologically, however, this net equity is important to a family man—it is a cushion against the unanticipated costs which could befall him or his wife or children. It is even more important if be is leaving a relatively secure corporate job with its life assurance, pension and hospital benefits in order to set np a new business of his own.

There is a more subtle reason why the pledge of personal assets could be counter-productive. In case tha lending banker obtains adequate security for that portion of his loan not guaranteed by the Government, it effectively absolves him from the responsibilities he might otherwise feel both to his own institution and to the borrower to analyse fully the new business proposal. Even worse, the amount of tha loan might actually be established in relation to the amount of qualifying security put np by the borrower rather than by the realistic needs of the new enterprise. This could either be too much or too little, both counter-productive in their different way.

If I am correct in my assumption that it would be his house which normally the borrower would pledge, then I believe the proposal is impractical because a banker finds it difficult to make a whole family homeless and destituta for a small proportion of a bad debt, especially if it were no fault of the borrower that the loan was not repaid.

There is no contradiction in this last point—indeed if the economy of this country really is to be restored then we need to create an environment where as many ideas as possible are put to the commercial test and accept that despita very best personal endeavours of soma entrepreneurs many new enterprises will fail.

Those who drafted the existing scheme appear to have recognised that the commitment really needed was a man's time, bis labour and his ideas, not his house and furniture too. It would be a pity if ministers and bankers conspired to demand inadequate and inappropriate personal assets in the mistaken belief that it would make entrepreneurs more serious and banks more responsible in their approach to the business proposal.

P. L. Tann.
Managing Director
Privatbanken,
107, Cheapside, EC2.

Future of the Falklands

From Mr Peter F. Newman

Sir,—Once Parliament has had its debate on the Franks report I hope a similar intensity of thought will davelop on the subject of what to do with tbe islands now we have woo them beck. Clearly aggression could not be allowed to pay if any reasonable level of international law is to be maintained. Equally clearly we cannot go on underwriting this distant micro-economy of 1,800 souls and defending them against an ever present threat of attack at a cost already over £1m head. For if we have that money to spare then let us use it to help restore our own ravaged economy in the industrial wastelands of the north.

For this is not an indigenous community we are supporting; but rather the descendants of original settlers who were sent by us to colonise the islands and thus sustain our claim to their arbitrary acquisition according to the buccaneering standards of 150 years ago. Time has run out for us and the climate of international sympathy is not et ell in our favour at the United Nations. So let us cut our losses and nffer this small community as near similar properties as may be attainable for them in more congenial surrounds such as, as I bave heard suggested, in New Zealand. Perbaps the Commonwealth Development Corporation, nr Crown Agents could manage such a long term leasing arrangement on behalf of tha Government with compensation going to the present landowners et the same rate as offered by them to their tenant Falkland Island farmers, £50 an acre.

Those islanders not wishing to avail themselves of such an nffer of resttlement would have to understand that after say a period of two years it would be our intention to hand the islands over to the trusteeship of the United Nations at the same time as we relinquish all our claims to sovereignty. It would then be np to the United Nations to settle the long term future of the islands in accordance with the wishes of that august body.

Peter F. Newman.
2 Maplechurch Close,
Godalming, Surrey.

From Mr A. G. Mitchell.

Sir,—If the Falkland Islands are to become a more or less permanent military training ground, would it not be possible to release some of tha acreage in the UK for this purpose? It could then be offered to those Falkland Islanders who would not otherwise have the right of abode in the UK.

A. G. Mitchell,
168 Stock Road,
Billericay, Essex.

Bassishaw bid questions

From Mr C. J. Carlyle

Sir,—As Bassishaw Investments' takeover bid gathers momentum, it is interesting to note UDS' exhortation to shareholders to "Put it where it belongs—in the dustbin."

Although disinterested in tha outcome of this particular confrontation, I cannot help but wonder what loyalty the (admittedly new) Chairman can hope to elicit and why, in contentious takeovers of this type, long-suffering shareholders are always promised a major shake-up of management and assets only when the company is under threat.

Between 1972-73 and 1980-81 UDS' dividend was increased by an average of only 5 per cent per annum, well under one-half of the rate of inflation and all of this increase and more was wiped out by the cut in 1981-82. Pre-tax profits were £24.6m and the share price over 170p in 1972-73, since when the stock has outperformed the market in only two of the following ten years and the All-share Index has risen by about 70 per cent. Under these circumstances of what relevance is the net asset value—perhaps inflation could be UDS' saviour after all—in the hands of much of the existing management?

In tha absenca of the current takeover bid, UDS stock would probably be little more than 70p, rather below the rights issue price (93p) of May 1979. It appears that UDS has, for quite a few years at least, been a highly cyclical stock in a long-term downtrend. The patience of any investor who may have even slightly misread the retail cycle must be highly tried and, to judge by the stores sector's rating, we may be within months of the peak of the current cycle. Takeover bids and inflated stock prices are a feature of such peaks, surely leaving small shareholders at least with very little alternative but to salvage what they can from a consistently bad investment. Or does UDS offer a shareholder discount scheme I haven't heard about?

Charles Carlyle.
22, Central Park,
Halifax,
West Yorkshire.

Encouraging smaller firms

From the Chief Executive, National Federation of Industrial Associations

Sir,—In response to the plea by the Reading Enterprise Agency (December 29) for land and buildings to be made available on terms that aspiring business people can afford. How refreshing it is to read that people bolding high office recognise the community's need for "dirty" businesses and that they have to operate somewhere. I would like to add that frequently these enterprises are highly lucrative as well as job creating and their proprietors are less concerned about rent bnt more concerned with being able to conduct their businesses without harassment over the smells, noise, effluent, rubbish, stock or location.

Tha provision of business accommodation and back-up services in a form that new and small firms can advantageously and confidently eccept is the main objective of this federation on which has developed an investment package that is of interest to the funding institutions. It is possible that this is just the tool for which tha Reading Enterprise Agency is looking. For the process to work properly, a local enterprise agency or association is a fundamental ingredient in that it is a local body that determines the policies once we have provided the accommodation — usually a joint venture between the local anthorities and ourselves.

We are now finding that both officers and members in most authorities are becoming increasingly anxious to co-operate in matters of uses, planning, site provision and even financial guarantees where needed. Without doubt, in local authority circles, it is widely accepted that belp and encouragement to the small firms sector is vital if new beert and impetus is to be found for a more fully employed Britain.

Malcolm Hazell.
Bridge House,
Bewdley, Worcs

Effective tax allowances

From Mr David G. Lindsay

Sir, — An across-the-board increase in personal tax allowances as they now exist, which some are advocating, would give far higher per-capita tax relief to a childless, wifa "earning," couple—or to a family wealthy enough tn arrange non-parental covenants for the children, and/or ingenious enough to channel part of its income to the wife as "earned"—than to the nrdinary family with a "home-making" rather than "earning" wife.

The first step should be to scrap tha present allowances and replace them simply with a standard adult allowance and, say, three child allowances (graded according to age). with the proviso that a married person hewing insufficient income to utilise his/her full allowance may transfer the unused part to his/her spouse, and the further proviso that a child over 16 having a bona fide earned income in excess of child allowance may claim the adult allowance?

Such a structure would enable an across-the-board increase to remove many more low-income families from the tax net.

David G. Lindsay,
36, Orchard Coombe,
Whitchurch Hill,
Reading,
Berks.

Inappropriate remedies in protectionist policies

From the Director of Studies, Trade Policy Research Centre

Sir,—My correspondence with Mr Johnson bas gone on long enough but let me beg the indulgence nf a final reply to the remarkable arguments in his most recent letter (December 30).

Mr Johnson recognises that he has ignored the interests of workers in developing countries but suggests that "if their Governments cbarged national insurance contributions on the British scale, both their problems and ours would be lessened." This is revealing nonsense. How is a country like India, where *per capita* product is less than a twentieth of the UK's, to afford "national insnrance contributions on the British scale"?

Mr Johnson claims that Adam Smith is still honoured in his own country. If so, this honour does not reflect understanding of what he said. Thus Mr Johnson argues that Smith supported restrictions against imports from countries that themselves impose bigh tariffs. What be actually said was "There may be good policy in retaliations of this kind, when there is e probability that they will procure the repeal of the high duties or prohibitions complained nf." Otherwise "... it seems a bad method of compensating the injury done to certain classes of our peopla, to do another injury ourselves, not only to those classes, but to almost all other classes. . . ." Tha textile restrictions are, however, not aimed at lowering the barriers of other countries, no differentiation being made between the treatment accorded free-trading Hong Kong and protectionist South Korea.

Smith argues that high duties and prohibitions be removed slowly and this, says Mr Johnson, is exactly how the multi-fibre arrangement sbould ba described. In fact, the multi-fibre arrangement and its predecessors represents tha exact reverse: a slow and steady *increase* over 20 years in restrictions on trade.

Then, Mr Johnson notes, Smith argues for "equitable regard" for the manufacturer who has fixed capital in his business. This applies to capital invested befora import liberalisation not to capital invested, as is the case of virtually all capital currently amployed in the textile and clothing industry, long *after* a protectionist policy has begun. Awareness of tha danger of such vested interests in permanent protection is shown in the very paragraph cited by Mr Johnson, where be says that, if it were not for the "clamorous importunity of partial interests" the legislature ought "... to be particularly careful neither to establish any new monopolies of this kind (that is, by protection) nor to extend further those which are already established. Every such regulation introduces some degree of real disorder into the constitution, which it will be difficult afterwards to cure without occasioning another disorder."

More remarkable still, Mr Johnson claims that "the clamorous importunity of partial interests," which he represents, is an example of Smith's socially beneficial pursuit of private interest. For Smith, however, tha invisible hand resulted from the pursuit of profit in a competitive market not of favours in the political market. He would have regarded the very existence of tha Scottish Knitwear Association with abhorrence. "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public."

Mr Johnson's only serious argument is the proposition that protection of his industry will lower aggregate unemployment. As I have pointed out, this is implausible in most circumstances and virtually inconceivable under the monetary and exchange rate policies of the present government. All Mr Johnsoo can achieve is to shift unemployment from his industry to others.

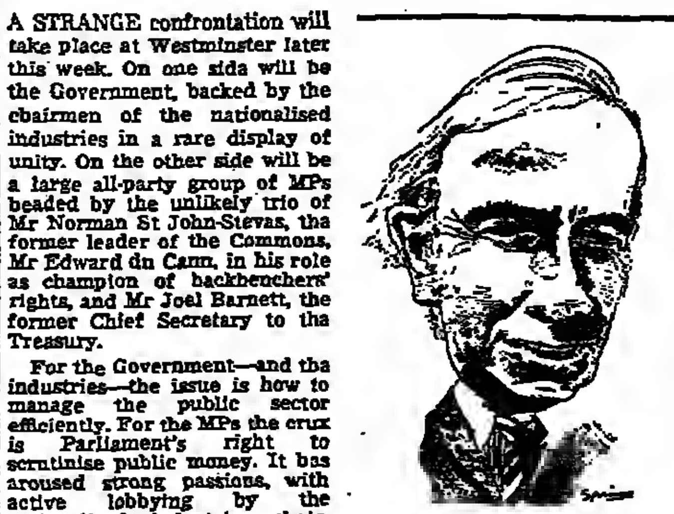
Whila unemployment is, of course, a great problem, little good will be served by proposing inappropriate remedies. If we wish to understand the sources and cure of unemployment we should look instead for those legislated monopolies that concerned Smith. In the case of the labour market they are not far to seek.

Martin Wolf.
I, Gough Square, EC4.

Scrutinising Britain's nationalised industries

A challenge to the executive

By Peter Riddell, Political Editor



An all-party group of MPs is backing Norman St John-Stevas's innocuously titled private member's Bill, but the Government—and the industries concerned—have strong reservations about the implications for the public sector

A STRANGE confrontation will take place at Westminster later this week. On one sida will be the Government, backed by the chairmen of the nationalised industries in a rare display of unity. On the other side will be a large all-party group of MPs beaded by the unlikely trio of Mr Norman St John-Stevas, tha former leader of the Commons, Mr Edward du Cann, in his role as champion of backbenchers' rights, and Mr Joel Barnett, the former Chief Secretary to tha Treasury.

For the Government—and tha industries—the issue is how to manage the public sector efficiently. For the MPs the crux is Parliament's right to scrutinise public money. It bas aroused strong passions, with active lobbying by the nationalised industries chairmen's groop and, more discreetly, by Whitehall. For once the executive does not have all the political cards.

The source of the dispute is the innocuously titled Parliamentary Control of Expenditure (Reform) Bill, a privata member's measure put forward by Mr St John-Stevas and due to have its second reading on Friday.

The row turns on the powers of the Comptroller and Auditor-General (the C and AG), at present an ex-Treasury official, Mr Gordon Downey, who beads tha Exchequer and Audit Department. Its job is not only to check on the probity of accounts but also to investigate the economy, efficiency and effectiveness with which public funds are spent.

Mr Downey reports to the Public Accounts Committee — currently chaired by Mr Barnett —which examines the performance and records of government departments. The PAC is distinct from the dozen departmental select committees which look at current and future policies—the nationalised industries already give regular evidence to these on all relevant issues.

When the present system of parliamentary accountability was created during the Gladstonian reforms of the 1860s, virtually all money was voted by the Commons and came within the C and AG's remit. But this was before the growth of nationalised industries. At present, only ebout 60 per cent of public expenditure is examined by the C and AG.

Several Commons committees hava argued during the past five years that the remit of the C and AG should be extended from central government departments and some associated bodies to follow public money "wherever it goes." This is the key to the argument. In principle, the phrase covers nationalised industries, local authorities and privete sector bodies receiving state money.

Mr St John-Stevas has adopted a more limited definition of this idea. Local authorities are excluded, partly because their andit was covered by last year's Local Government Finance Act. The Bill pcoposes an extension to cover nationalised industries, publicly owned corporations, any company of which more than 50 per cent of the voting shares ere publicly owned and other bodies mainly supported by public money. This would not replace normal financial auditing by accountants.

In addition, the Bill recognises by statute the C and AG's role in carrying out efficiency and effectivness audits and proposes the creation of a new independent national audit office out of the Exchequer and aodit department. The C and AG would be appointed by Parliament and not by the executive.

The row is centred on the nationalised industry pcoposals, in particular:

- The Government says the Bill is a retrograde step away from its policy of allowing the industries freedom of commercial manoeuvre within an overall tight financial framework. The industries say they would be constantly looking over their shoulders and the Bill would make it difficult to attract senior management. Sir George Jefferson, of British Telecom, and Mr Ron Dearing, of the Post Office, hava both argued that all the work done in trying to inject a more commercial approacb into what were once government departments would be undermined. In their view the type of inquiry suitable for the Civil Service would dampen business initiative and risk-taking. The C and AG, it is argued, also lacks the necessary commercial expertise.

The Bill's sponsors say these fears are uojustified since there is nn intention nf second-guessing the commercial judgment of the industries or of interfering in policy. The C and AG will look at finances, not policy.

- The Government argues that the Bill would increasa bureaucracy within the industries and in Whitehall departments. Ministers say the right way to examine efficiency from tha outside is via the Monopolies and Merger Commission's inquiries under the 1980 Competition Act. Mr St John-Stevas argues that the commission is not independent of ministerial instructions and that a further layer of bureaucracy can be removed by abolishing these MMC inquiries.

- Industries, including British Airways and British Telecom, have argued that the enactment of the Bill would make privatisation much more difficult, if not impossible, because of the special status of the C and AG in looking at their books. Mr Ian MacGregor, the chairman of British Steel, said the Bill would mean that some joint ventures with the private sector would not now be started.

Several meetings have been held in search of a compromise, but without success. Mr St John-Stevas has already narrowed the application of the principle of following public money but he is unwilling to make any nther concessions.

The political advantage lies, unusually, with the Bill's supporters. This is partly because the issue is being seen as one of principle, and not just a technical matter of auditing. All this bas made it hard for Ministers to convince MPs that other principles are involved. More than 300 backbenchers signed a motion in the last session along the lines of the current Bill.

The Government has so far made little public attempt to win support from MPs for its view and will pcobably not force a vote on Friday. Instead, Ministers are likely to sympathise with the broad aims of the Bill, while indicating the practical sbortcomings and their intention to amend it in committee. The key point on Friday will be whether some Tory MPs who have private reservations about the implications of the Bill for nationalised industries make their doubts public.

The debate will then switch to the committee stage. A number of possible amendments has been floated such as a code of practice for the C and AG's inquiries or a special unit to look at commercial enterprises.

At preseot, despite the angry warnings of the nationalised industries, it seems that the Governmeot is going to have to sound a lot more convincing —or to conjure up a June election—to block the proposals.

FINANCIAL TIMES

Tuesday January 25 1983

Rupert Cornwell in Rome analyses an historic scala mobile deal

Peace settles over Italy's pay battlefield

"I DON'T WANT to bear another word about the scala mobile for the next 10 years," said one union leader oo Saturday night, after signing the historic agreemeot reducing the effect of Italy's highly protective system of wage indexation.

It is n comment that a lot of people will echo amid the relief and satisfaction felt in the Italian political and business world. The negotiations oo the issue, which began in earnest in June 1981, bave beeo too long, too often oegative and, in the past few weeks, marked by powerful demonstrations of union power on the streets.

The issue has been settled with a cut of at least 15 per cent in the protection against inflatioo given by the scala mobile. Everyooe, from the rommunist-dominated CGIL unioo to the barons of Confindustria, the employers' associatioo, seems to be satisfied.

For the governmeot of Sig. Amintore Fanfani formed at the beginning of December, it not only removes a major point of disagreement from the political scene, but also demonstrates its contention that it is a government which gets on and does things. It now bas a little more room for manoeuvre.

An agreement on the scala mobile was essential for all parties. The unacceptable alternative was that the employers would make good their threat to cut by 50 per cent on January 31 the protection given by the system. That would certainly have been met by serious protests on the streets.

It took painstaking negotiating by Sig. Vincenzo Scotti, the Christian Democrat Labour Minister, to steer both sides to what was virtually a voluntary agreement.

The scala mobile, by theoretically insulating lower-paid workers from the effect of price rises, bad become an important part of the formula that keeps Italy just about governable. It is the price the Christian Democrats and the centre parties pay to the Communists for their exclusion from government.

For that reason, the concession by the unions on indexation is highly significant. But the agreement also marks an important step in rolling back union power, which had been almost invincible from 1969 until 1980.

The scala mobile agreement of 1975, which strongly reinforced existing wage indexation, made negotiations on basic wage rates relatively unimportant. It freed union attention to advise on, and even dictate, social policy, making Italian workers among the best protected in the world.

The alarming costs of that policy, both to the Exchequer and to Italian competitiveness, had become increasingly apparent by 1980, when the unions suffered the signal reverse of being defeated by reinvigorated management in the long strike at Fiat. Since then the unions have faced employers on ooe side and discontented members on the other, and been divided among themselves.

The agreement may help reunite them. The unions may now become more of a partner of the Government in determining economic policy rather than a powerful interest group to be appeased.

If it were not for its symbolic importance, last Saturday's agreement might appear rather modest. The value to the worker's pay packet of each point by which the index rises had been cut by 15 per cent, and future rises in value added tax which governments may make should not affect the index. This and other minor factors are reckoned to amount to an 18 per cent reduction in the protection against inflation.

But there has been no fundamental modification of the index, on which the system is based, to remove indirect taxation and the effect of imported inflation from it. Because the scala mobile paymeots are made at n flat rate – the same for high and low earners – differentials will continue to be flattened and space for basic negotiations is still limited.

Several important elements of the accord, including the question of value added tax and currency fluctuations, are ambiguous and will be the subject of further talks with the unions.

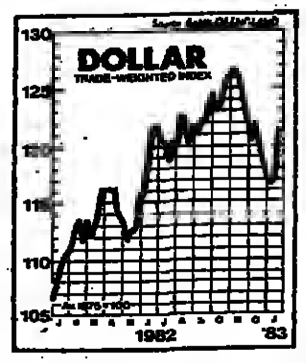
The Government has paid a heavy price in tax concessions tariffs and social security contributions. For an administration desperately trying to keep its public-sector borrowing requirement down to "only" L71,000bn ($5bn) this year the cost of unbudgeted concessions (one estimate puts them at L3,500bn) is high.

The deficit causes inflation which the scala mobile then reinforces. Italian labour costs, burdened with heavy social security, severance pay and pension contributions, will go on being very high. But a start has been made.

THE LEX COLUMN

Another bad round for sterling

Sterling has kept on a remarkably even keel since Mrs Thatcher's return from the South Atlantic, but yesterday no amount of soothing words would have protected the pound from a double-fisted attack of the kind launched by Mr Paul Volcker and Sheikh Yamani.



Last week's hints by Mr Volcker that the policy of accommodation pursued by the Federal Reserve since the middle of last year cannot go on indefinitely has been given additional credence by statistics tentatively suggesting that the U.S. economy may be poised for a measured recovery. The outlook for private sector credit demand remains extremely cloudy but, with n very heavy calendar of public debt offerings in the pipeline, there must be some risk that aggregate credit demands will push dollar rates higher.

Given the Fed's pointed reluctance to shift its discount rate, the authorities might well be happy to endorse such a movement.

That, at any rate, provided the climate for yesterday morning's sharp dollar appreciation – some of which must have reflected the reversal of D-mark positions taken up before election jitters shifted from London to Bonn. But the afternoon's developments suggested that sterling has yet to find a stable level even against the European currencies.

A less than harmonious conclusion to the Opec meeting and the likelihood of a subsequent cut in the Saudi benchmark price had almost certainly been discounted by the foreign exchanges during the earlier run on sterling. Yet, with the pound still under a cloud, it takes very little in the way of additional bad news for the trade-weighted index to lose a full point in one day.

Dowty

Dowty is still wandering around on the profits plateau which it reached after its years of heady growth in the 1970s. In the half-year to September, it kept in line with inflation to push pre-tax profits up by 8 per cent to £19m. But with virtually all of its major markets under extreme pressure, the company gave no indication yesterday that it can do much more than repeat the £39m achieved last year for the full 12 months.

The aerospace division, having remained remarkably buoyant during the recession, was the main source of disappointment in the first half. Sales fell in the period on the previous six months, while trading profits had to absorb n £3m redundancy charge as the company cut back to cope with the U.S. recession. The performance of the group's three other divisions compensated to some degree, but mining equipment sales were held up by a backlog of orders, while the industrial activities were working through a non-repeatable South African railway contract, and electronics benefiting from a recent acquisition.

Dowty has no balance sheet worries, with minimal capital gearing and a first-half cash inflow as both working capital and fixed capital investments were trimmed back. But the company is now well and truly becalmed in the recession, looking in particular for a favourable wind from the U.S. to get its aerospace and mining business moving again. The shares, which have traded between 113p and 179p over the last 12 months, reflecting the repeated false dawns for the engineering sector, fell 11p yesterday to 138p, where they are on a prospective fully taxed multiple of 14.6.

Flow of funds

An uncomfortably small flow of funds into the non-banking financial institutions in the second quarter has been followed by a spectacular third-quarter recovery which puts the aggregate for the year back where it ought to be. The figures show a £1.6bn increase in the inflow between the two quarters, and a year-on-year jump of £1.4bn, leaving the total for the year at about £500m more than a year ago.

Apart from underlining the volatility of the flows, the third quarter performance confirms the strength of deposit taking by the building societies – up by £1bn over a year ago – and the stagnation in receipts by the life and pension funds. The latter recovered dramatically in the third quarter after a dismal outturn in the previous three months, but the funds ore still lagging on last year's nine mooth's figures, possibly because a higher level of redundancies has led to early withdrawals from the pension funds.

Gilt-edged were the main beneficiaries of the increased inflows, receiving £1.3bn more than in the previous quarter, presumably reflecting the liquidation of holdings by non-residents.

U.S. aluminium

Even after the Wall Street relapse of the past few days, the share prices of North America's four major aluminium companies are trading within a stone's throw of their highest levels of the past year. The recent increase in ingot prices and the 15 per cent growth in orders reported by the U.S. industry since September have, it appears, more than compensated for the announcement of disastrous 1982 results, culminating in the worst single quarter since the 1930's.

Weak global demand joined forces last year with excess North American producer inventories and a strong dollar to put particular pressure on domestic prices. Real selling prices are estimated to bave undercut list prices by an average of 18 per cent across the whole product range at n time when U.S. primary aluminium plants were running at an average rate of around 65 per cent.

Asset disposals and fancy arithmetic have been deployed to contain the trading losses. Alcoa has managed to reverse a pre-tax loss of $205m into a bottom line surplus of $11m, through tax credits, property disposals and inventory items. Most impressive of all, Reynolds has retrospectively capitalised four years of potlining expenses to help produce net income for the year of $8m.

Alcan, which has no primary manufacturing plant in the U.S. and managed to increase shipments significantly last year, looks – together with Alcoa – well placed to reach break-even at the operating level this year. For Kaiser and Reynolds, however, another year of damaging trading loss seems assured.

Kaiser's U.S. operating rate stood well below 50 per cent last year and interest charges doubled to $147m. Even accountants are no match for that kind of problem.

Hong Kong granted say in its future

BY ALAIN CASS IN LONDON AND ROBERT COTTRELL IN HONG KONG

HONG KONG bas secured an independent voice in the negotiations between Britain and China over the Colony's future in a move whicb may be an important pointer to the final outcome of the talks.

Britain bas agreed that Hong Kong's Executive Council (Exco), the territory's senior policy-making body, comprising senior officials and leadiog business and professional figures, should have the rigbt to contribute towards and, to a limited extent, approve British proposals.

Sir Edward Youde, the colony's newly-appointed governor who is currently in London for talks, will soon formally take part in the negotiations with China. Exco's formal role is to advise the Governor who is appointed in Loodon.

The agreement effectively to give Hong Kong an independent role in the talks follows growing concern among officials and leading Exco members that they were being kept in the dark about the secret talks which are under the direct control of Mrs Margaret Thatcher, the British Prime Minister, and involve only a tiny handful of officials in London and Peking.

It also underlines the belief by observers that, although negotiations with Peking are still at an early stage, the focus of British thinking is slowly shifting towards the "interim phase" solution in which a Britisb administratioo would be replaced by a Hong Kong government formally under Chinese sovereignty but with considerable autonomous powers.

Britain's 99-year lease with China over most of the territory runs out in 1997 while China refuses to recognise the treaties which established Hong Kong island as British in perpetuity.

Peking has remained adamant that it will recover full titular and administrative sovereignty over the whole of the territory after 1997, but senior Chinese officials have recently made great efforts to appear more conciliatory, emphasizing that they wish to maintain the territory's capitalist system and stability.

This has encouraged the British side to believe that a compromise solution may still be possible under which British sovereignty is exchanged for guarantees that the present system on which the territory's success is based will be allowed to continue.

What no longer seems possible, at least to some officials, despite the softer line taken by Peking recently, is continued Britisb sovereignty after 1997 or an arrangement under which Britain retains full, effective control of the territory after that date in a form of "management contract" with China.

The Foreign Office is likely to have a difficult task in persuading Mrs Thatcher of this in the coming months as she faces the aftermath of the Franks Commission report on Argentina's invasion of the Falklands and her advisers press her to go for an early election.

However, a softening line in Whitehall towards a "damage limitation" exercise designed to secure at best an interim period between British and Chinese rule over Hong Kong is likely to meet some tough local resistance. Nothing less than an independent administration with real political integrity would suffice in some local eyes – preferably a continuing British administration. China's soft sell of a capitalist Hong Kong under Chinese rule is described by one leading Hong Kong figure as "hope sprinkled with fear and garnished with nationalism."

While Exco may encompass varying views on the questioo of Hong Kong's future, at least some of the unofficial members are likely to press Britain's moral commitment to the people of Hong Kong.

Hong Kong has fought hard to upgrade the economy to a high wage upmarket manufacturing centre. If political worries weigh against new investment, that economy could go downhill much faster than it came up. Greater still, is the unspoken fear of civil unrest in the face of mounting uncertainty.

In the financial markets, paradoxically, there is even a whiff of optimism.

Talks on Chinese N-plant, Page 4

Standard Indiana profits slip in 1982

By Richard Lambert in New York

STANDARD OIL Company (Indiana), the first major U.S. oil company to report its results for the fourth quarter of 1982, said yesterday that net income rose to $415m against $384m in the same period of 1981 and $550m in the third quarter of 1982.

For the year the groups's net income fell from $1.92bn to $1.83bn, or $6.25 per share. Revenue for the year came to $29.9bn compared with $31.7bn in 1981.

Mr John Swearingen, Standard Indiana's chairman, said that the improvement compared with the final quarter of 1981 reflected smaller losses from downstream operations overseas, and higher Canadian earnings. This had been partly offset by lower figures from upstream activities overseas.

Results for the full year had gained from a significant recovery earlier in the year in the profitability of U.S. refining, marketing and transportation activities, he added. But refining margins had come under pressure in the final quarter, cutting short this recovery.

Falling crude oil prices, higher costs, and lower domestic production volumes had adversely affected earnings from exploration and production operations during the year, Mr Swearingen continued. Chemicals and minerals markets remained depressed.

The 1982 results included a $110m benefit from the drawdown of petroleum and chemical product stocks valued under the Lifo method. Against this, non-recurring refinery closure charges had knocked $54m off the latest earnings figure.

In 1981, earnings included a $71m Lifo benefit, a $80m gain on an asset disposal, and refinery closing charges of $23m.

Mitsubishi plans to make VTRs in UK

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

MITSUBISHI Electric Company has become the second Japanese electronics concero within n week to announce plans for the production of video tape recorders (VTRs) in the UK.

The company said yesterday that it will begin assembling VTRs at its Haddington colour TV plant, near Edinburgb, in autumn this year. Early in 1984, VTR production will shift from Haddington to a factory at Livingstone New Town. Initial output will be at about 5,000 sets per month but this may be eventually doubled.

Mitsubishi bopes to use the Livingstone plant as a base for VTR exports to the European Economic Community. But Mr Kojir Makita, the company's deputy general manager for international operations, said yesterday thnt a number of questions would bave to be answered before exports could begin.

One major question involves the local cooteot levels that would have to be attained by VTR sets manufactured in the UK before they could be classified as products of European origin. Mitsubishi says thnt 45 per cent local content – the level set for colour TV sets – could prove very hard to attain in the case of VTRs.

Mitsubishi expects start-up costs at Livingstone to be 200m-300m yen ($850,000-$1.3m) assuming factory space will be rent-free for the first two years. The company appears to have undergone a considerable amount of arm twisting from the Government before deciding to go ahead with its VTR project. Britain would seem to be the only European country which npplied pressure on Mitsubishi to establish a VTR production operation.

Mitsubishi's Haddington colour TV factory is at present producing about 70,000 sets a year and has achieved a 15 per cent export ratio. It originally hoped to export half the Haddington plant's output but has faced severe cost problems. The plant became profitable last year after two years of loss-making operations.

Mitsubishi's announcement follows last weeks news that Sanyo Electric loans to make VTRs at its Lowestoft colour TV factory.

Britain is the largest market in the world for video recorders and last year imported 2.4m units, mainly from Japan.

Efforts grow to settle British water strike

BY PHILIP BASSETT, LABOUR STAFF, IN LONDON

BRITAIN'S first all-out national water strike drew near total support yesterday from the industry's 29,000 manual workers as union leaders and employers met in an effort to find a speedy settlement to the pay dispute.

Unions representing the water supply and sewerage workers reported virtually a 100 per cent response to the strike call.

Amid reports that about 4m people bad been advised to boil their tap water supplies the employers, the National Water Council, and the unions were last night considering a number of points in the report of the mediator, Mr Ian Buchanan.

This had recommended a 7.3 per cent pay increase over 18 months but rejected union claims for rises brining them into line with the top 25 per cent of outside manual workers' earnings.

The points being considered involved administrative efficiencies such as payment of wages by credit transfer and the extension of performance related bonus schemes.

Some union leaders were seizing on these ideas as possibly pointing the way to a solution of the strike.

The effects of the strike varied widely with supplies in some areas cut off or water pressure reduced as pipes and pumping stations failed. Some schools were closed and pupils sent home

In the Bristol and Manchester area sewage was pumped directly into rivers but water authorities said high water levels reduced any danger to public health.

Industry reported few effects so far and although servicemen were on standby from the start of the strike at midnight on Sunday there were no reported calls for military help.

In the House of Commons, Mr Tom King, Environment Secretary, said that by midday 2,000 properties had lost their water supply and he called for economy in the use of water.

Mr Gerald Kaufmann, shadow environment spokesman, accused Mr King of "reckless meddling" in a dispute which was of "exceptional gravity."

Earlier Mr King had appealed to water workers to end the strike and said that the pay offer of 7.3 per cent was "not unreasonable" in difficult times.

Fears for supplies, Page 5

Opec's failure on quotas to hit prices

Continued from Page 1

three components being integral elements of the whole.

Nevertheless, the question of differentials came as a surprise to many other members, including evidently Iran, which had been persuaded to attend the meeting following n visit to Tehran last week by Mallam Yahayha Dikko, Nigerian Chief Delegate and current President of Opec, as well as Mr Kamal Hassan Maghur of Libya.

Iran has aggressively led the opposition to Saudi Arabia. With support from Libya and Algeria in particular, it is determined that the main brunt of any collective production cut should be borne by the Kingdom.

In practice, Saudi adherence to the official price level has led to a drop in its output from wholly-owned fields well below its official ceiling of 7m b/d to what Shiekh Yamani acknowledged to be less than 4.7m b/d and what is reckoned to be little more than 4m b/d.

Mr Mohammed Gharazi, Iranian Minister of Oil, claimed that the big fall in Saudi output, the consequent financial constraint on its ability to finance Iraq in the Gulf conflict and the loss of its major role in Opec amounted to a significant "victory" for his country. Iran wants to produce what is probably the maximum desirable level for it of 3.2m b/d compared with maximum allocation accepted by the majority of Opec of 2.5m b/d.

Members once again came quite close to agreement on quotas for individual states.

Grundig-Telefunken

Continued from Page 1

run into concerted political and industrial opposition in West Germany.

AEG had already tried unsuccessfully for nearly n year to sell Telefunken to Thomson-Brandt, before Grundig appeared at the last minute as a potential rescuer.

AEG said last night that it "had not yet been informed" that Grundig was unable to take over the management control of Telefunken.

Independent of the takeover, however, it had taken measures to restructure Telefunken to allow business operations to continue. Most importantly it has shut down two of Telefunken's biggest loss-making operations abroad in Italy and in Mexico.

PLO man may visit Britain

By Roger Matthews in London

BRITAIN and the Palestine Liberation Organisation are believed to have reached a compromise which will allow an Arab League visit to London to take place early next month.

The row between the British Government and the Arab League over the composition of the delegation forced Mr Francis Pym, the Foreign Secretary, to call off a visit to the Gulf earlier this month after Saudi Arabia said he would not be welcome.

Mr Yasser Arafat, chairman of the PLO, said yesterday in Aden that there would be a Palestinian included in the Arab League delegation. "He will be a Palestinian from the PLO, he will meet the Queen, the Prime Minister and the Foreign Minister," Mr Arafat was quoted as saying by the official Palestinian news agency.

However, as the British Government has not altered its refusal to receive a PLO executive member at Foreign Secretary level, it is believed that the Palestinian in the delegation will be designated a "personal representative of Mr Arafat."

Sterling hits all-time low

Continued from Page 1

The FT Industrial Ordinary index dropped 13.7 to close at 605.7, and the FT Gold mines index fell by 6 per cent, as it detected the market's growing scepticism about a sustained rise in the bullion price.

Wall Street's drop was mainly attributed to fears that U.S. interest rates may have hit a low point, at least for the time being, and to concern over Opec's failure to agree on production and pricing. This was widely interpreted as having serious implications for some of the less developed countries, which already have liquidity problems and their bankers, many of whom are in the U.S.

In the U.S. credit markets, which witnessed n big drop in Friday trading, prices were marginally weaker in quiet trading, ahead of President Ronald Reagan's State of the Union speech today.

The Treasury long bond was down by about a quarter of a point at lunchtime, while corporate issues were lower by between an eight and n half of n point.

The credit markets are still hoping for a cut in the Federal Reserve Board discount rate from its current 8.4 per cent level.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	13	55	Dubrovnik	S	11	52	Malaga	S	14	57	Salzburg	S	—	—
Akrotiri	S	13	55	Faro	S	15	59	Malta	S	15	59	Seoul	[illegible]	6	43
Algiers	[illegible]	18	81	Florence	Fg	2	36	Manila	C	31	88	Singapore	R	28	82
Amsterdam	F	3	37	Frankfurt	Fg	-2	28	Miami	C	20	68	Stockholm	C	-1	30
Athens	S	13	55	Funchal	F	18	64	Milan	R	7	45	Strasbourg	C	-1	30
Bahrain	C	20	68	Geneva	C	-1	30	Montreal	C	-11	12	Sydney	C	24	75
Bangkok	C	27	81	Gibraltar	C	13	55	Munich	Fg	-3	27	Taipei	[illegible]	12	54
Barcelona	S	13	55	Guernsey	R	9	48	Nairobi	—	—	—	Tangier	S	17	63
Beirut	[illegible]	12	54	Helsinki	C	-6	21	Naples	S	11	52	Tehran	—	—	—
Belgrade	S	5	41	H. Kong	C	17	63	New Delhi	C	22	72	Tel Aviv	S	11	52
Berlin	S	3	37	Innsbruck	S	1	34	New York	R	10	50	Tenerife	F	22	72
Biarritz	S	18	64	Inverness	C	10	50	Nice	S	13	55	Tokyo	S	11	52
Blackpool	C	9	48	Istanbul	C	6	43	Oporto	C	14	57	Toronto	[illegible]	4	39
Bordeaux	F	10	50	Jersey	R	8	46	Oslo	C	1	34	Tunis	C	14	57
Brussels	F	5	41	Jo'burg	C	20	68	Paris	F	3	37	Valencia	S	11	52
Budapest	S	7	45	Las Palmas	S	[illegible]	68	Prague	C	0	32	Venice	[illegible]	6	43
B. Aires	S	37	99	Luxor	C	27	80	Reykjavik	Sn	-1	30	Vienna	C	4	39
Cairo	[illegible]	15	59	Lisbon	C	12	54	Rio de J'o	R	32	90	Warsaw	[illegible]	2	36
Cape Town	—	—	—	Locarno	S	9	48	Rome	S	13	55	Zurich	C	-2	28
Caracas	C	30	86	London	C	13	55								
Casablanca	S	21	70	Los Angeles	R	17	63								
Copenhagen	C	2	36	Luxembourg	Sn	-2	28								
Corfu	S	14	57	Madrid	S	8	46								
Dublin	C	11	52	Majorca	S	14	57								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

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Merrill Lynch boosts year income to $309m

BY RICHARD LAMBERT IN NEW YORK

MERRILL LYNCH, the biggest U.S. securities group, made more money in the fourth quarter of 1982 than it had in any full year prior to 1980. Net income in the 14 weeks to the end of December jumped to $142m, compared with $54.8m in the final 13 weeks of 1981.

Half way through 1982, the group's earnings were trailing well behind 1981 levels. But thanks to what it described yesterday as "the dramatic turn in the investment climate, which began last August." Net income for the full year jumped from $203m to $309m. Overall, revenues were up by 5 per cent at $5bn.

Merrill Lynch said that as a result of the stock exchange boom, it had set substantial new records in almost all areas of its business.

"We not only handled record volume in our agency business, but also attained new highs in all areas of fixed income trading, as well as in investment banking and asset management," it added.

"At the same time, our continuing insurance activities showed further moderate growth, while our real estate operations, which we continued to expand, moved into the black for the year."

Commission revenues, which were showing steep falls earlier in the year, nearly doubled in the final quarter to bring the total for 1982 up to $1.1bn, a rise of 22 per cent. Revenues from principal transactions expanded by 53 per cent to $856m, with the growth coming from trading in the fixed income sector.

The group said that investment banking revenues rose by 66 per cent to $596m. Despite the fall in interest rates, total interest revenues rose by 6 per cent to $1.9bn, following a significant growth in the volume of interest earning assets. Interest expenses were also 6 per cent up, at $1.6bn.

Despite the record increases in activity, Merrill Lynch has continued to stress its cost containment efforts. The rise in those expenses, not related to volume, had slowed down significantly over the year, the group claimed.

On a per share basis, earnings for the year rose from $5.14 to a fully diluted $7.48.

● Reliance Group, the insurance holding company controlled by the financier, Mr Saul Steinberg, has bought 5.71 per cent of the shares in Paine Webber, one of Wall Street's leading securities firms.

In a filing with the U.S. Securities and Exchange Commission, Reliance said it had no plans to make or propose any changes in Paine Webber's present management, but it said that it might discuss areas of co-operation with the company, including possible representation on Paine Webber's board.

Last November, Cigna, the leading U.S. insurance group, announced that it was planning to sell most of its 24 per cent stake in Paine Webber. Since then, there has been much speculation about the possibility of a change of ownership.

First Chicago up 17.9% in year

By Paul Taylor in New York

FIRST CHICAGO Corporation, parent of First National Bank of Chicago, the 10th largest bank in the U.S., yesterday reported improved fourth quarter and full-year earnings.

In the fourth quarter, operating earnings increased by 14.5 per cent to $41.8m, or 96 cents a share, compared with $36.36m or 91 cents in the final 1981 quarter.

In the latest quarter, securities losses of $122,000 made a final net of $41.68m or 96 cents compared with $36.44m or 92 cents, in the same period in 1981, following securities gains of $57,000.

For the full year, the company reported a 17.9 per cent increase in operating earnings to $144.02m, or $3.52 compared with $122.14m, or $3.06 a share, in 1981.

Securities losses of $7.23m in 1982 produced a final net of $136.78m, or $3.33, compared with $118.71m, or $2.98 in 1981, after securities losses of $3.43m.

The full-year results mark a further recovery in the bank's profitability, which touched its low point in 1980. Since then, Mr Barry Sullivan, the chairman who took over in the summer of 1980, has concentrated on improving performance to lift its return on capital into the top half of the top 10 largest U.S. banks.

The bank's 1982 performance is also in sharp contrast to that of its arch rival, Continental Illinois, which, while reporting a continued recovery from its problems mainly related to the failure of Penn Square Bank in July, still reported a 67 per cent decline in full year operating earnings to $84.38m.

PREMIUM INCOME GROWTH SLOWS

Allianz expects higher earnings

BY STEWART FLEMING IN FRANKFURT

PREMIUM INCOME growth of Allianz Versicherung, West Germany's largest insurance company, slowed last year, but the company is expecting to report higher earnings for 1982, as a result of a significant improvement in investment income and at least maintained underwriting profits.

Moreover recent increases in motor insurance premiums, coupled with a declining accident rate, suggests that in the current year, the company's motor insurance underwriting may show a further profits improvement. Motor underwriting accounts for 44 per cent of premium income.

Dr Wolfgang Schieren, chief executive, hinted, however, that the company would not be increasing its dividend for 1982. The company will in any case have to put aside more to pay its current rate of dividend because of the rights issue it is making to shareholders which is bringing in DM 417m ($170m).

The new capital will increase the company's solvency ratio from around 39 per cent to 47 per cent, a particularly high level for West German insurance companies. Many have felt comfortable operating at lower solvency ratios, because of the conservative methods they are required to use in valuing their investments.

Explaining the background to the capital raising, Dr Schieren said the company was, in part, preparing itself to take on new business when economic activity picks up. But he added that Allianz is still bent on pursuing its international expansion, and that too will require additional funds.

He said that further acquisitions could not be ruled out, although the company does not have any specific targets in mind. Profitable markets such as Japan, Switzerland or even once again the U.S., remain attractive.

Commenting on the company's talks with Britain's Eagle Star insurance group, in which it acquired a 28.2 per cent stake, Dr Schieren stressed that Allianz does not feel under any pressure to increase its holding to a majority stake, and that it would be best if Eagle Star remained a British concern.

Since October, senior executives of the two companies have had four meetings and Dr Schieren added, the atmosphere between the two companies had improved significantly. Discussions were now taking place at the level of working groups, examining areas of mutual interest. It was too soon, however, to talk of any concrete results.

Allianz's worldwide premium income, which includes its life assurance subsidiary, rose 7 per cent to almost DM 14bn last year, compared with a rise of 11.3 per cent in 1981. Of this DM 2bn came from the company's foreign business.

Premium income of the Allianz Sachgruppe, which excludes life assurance business and certain other interests, and comprises mainly general insurance, rose to DM 7.9bn.

Competitive pressures, the weakness of the economy, and selectivity in acquiring new business contributed to slower growth.

Premium income in the motor business rose by only 1.8 per cent, compared with 8.6 per cent, reflecting stable insurance rates through most of the year, as well as the downturn in the motor industry

But fewer claims in most areas (apart from auto theft), reflecting reduced driving, resulted in an improvement in the underwriting profit. In the fire, transport and household contents insurance sectors, however, Allianz suffered an underwriting loss.

Income on the group's DM 10bn of investments rose significantly as a result of lower securities writedowns and higher interest earnings.

Pressure on refining margins hits Ashland Oil in quarter

BY RICHARD LAMBERT IN NEW YORK

ASHLAND OIL, which claims to be the largest independent oil refiner in the U.S., has reported a steep decline in first quarter earnings and warned that profits are coming under increasing pressure in the current three month period.

Net income in the quarter to December fell from $47.5m to $29.1m, and revenue slipped from $2.4bn to $2.1bn.

Ashland said the setback in the first three months was due to declines in operating income from several of its non-petroleum businesses, which had been adversely affected by continuing recession. The company did not specify where these declines occurred, but its coal and chemical interests were obvious candidates for a downturn.

These setbacks offset an improved first quarter from Ashland Petroleum, in which operating income of $50m was 53 per cent higher than a year ago.

However, after very profitable trading in October and November, refining margins were hit in December by the combination of recession, unseasonably warm weather and Opec price weakness. As a result, Ashland Petroleum fell back to near break-even in that month.

The company said that as a result of these factors, Ashland Petroleum would probably operate at a loss in January. "Historically, Ashland's second fiscal quarter has been the company's most difficult," it added.

"Without a significant improvement in refining and marketing margins, it will be difficult for the company to earn a profit in the second fiscal quarter."

Thyssen to spin off steel division as new company

BY JAMES BUCHAN IN BONN

THYSSEN, the West German steel and engineering giant, plans to detach its loss-making steel division into a separate company to look for merger possibilities as part of a restructuring of the troubled West German industry.

The group said yesterday that the supervisory board would meet on January 28 to discuss the formation of a new company comprising the mass steel division, which accounted for 26 per cent of group sales (including intra-group) of DM 35.3bn ($14.3bn) in 1980-81, but made losses of DM 7.2m.

Thyssen announced last summer that talks were proceeding with Krupp Stahl on merging their special steel activities, handled at Thyssen by a separate company, Thyssen Edelstahlwerke, which announced earnings of DM 31.3m on sales amounting to 9 per cent of the group total in 1980-81. Since then, the talks have expanded to cover various basic steel products, despite the fact that Krupp Stahl has been also negotiating with Hoesch.

Thyssen's decision comes on the eve of the publication of a wide-ranging study on the restructuring of the West German industry, which has seen its production tumble to 36m tonnes last year from 42m tonnes in 1981. The study, conducted by an independent commission of three "moderators," will be presented today and is widely expected to recommend a Krupp-Thyssen co-operation as one of two "axes" of a slimmed-down industry.

Thyssen pointed out yesterday that it was the only German group involved in steel production without an independent company handling steel. A company statement said that the steel division would become "an independent partner for the restructuring of the German steel industry."

Thyssen officials denied suggestions that this was a means for the group to escape from the 1951 workers co-determination decree, which demands strict parity for workers representatives on the boards of coal and steel companies. The group said that even without the steel division, Thyssen would remain for some time liable to co-determination under law.

Although Thyssen has managed to pay dividends, alone of the major steel groups, since the mid-1970s, the losses of the steel division have undermined the performances of the group's plant manufacturing trading and construction activities.

Armco in $345m loss for 1982

By Our New York Staff

ARMCO, the fifth largest U.S. steelmaker, yesterday reported a $53m operating loss for the final quarter and a $183m net loss after taking a $130m special charge to cover the costs of closing some of its carbon steelmaking operations.

The fourth quarter results were much as expected and continue the predicted trend of terrible fourth quarter results from the nation's steel makers.

In the 1981 fourth quarter Armco reported a $70m net profit or $1.04 a share. Sales for the quarter dropped from $1.79bn in 1981 to $1.11bn last year.

Armco, once cusboined by its diversification out of steel, reported an operating loss for the year of $80m compared with net profits of $294.5m or $4.97 a share in 1981.

In the latest year charges of $265m, primarily resulting from the shutdown of steelmaking capacity, resulted in a net loss of $345m on sales which fell by 21.4 per cent to $5.43bn from $6.91bn.

Last week Republic Steel, the fourth largest steelmaker, reported a $239.2m net loss for the year and on Friday inland steel, the seventh largest U.S. steel maker, reported a full year net loss of $18.8m.

All the major U.S. steelmakers have beeen engaged in cost cutting programmes including plant closures, non-union salary and wage cuts and extensive lay-offs.

Sabena meeting will discuss tripling of issued capital

BY GILES MERRITT IN BRUSSELS

A THREEFOLD increase in the issued capital of Sabena, the Belgian airline, taking it from some BFr 3bn ($63m) to BFr 9bn, is to be the subject of an extraordinary general meeting of shareholders in Brussels on February 1.

The crucial talks will involve the 99 per cent state-owned Belgian national airline's top management and Government representatives. The talks are being seen as an important step towards implementation of the rescue plan, aimed at restoring the traditionally loss-making Sabena to operating profitability by next year.

Sabena has been declaring financial losses for almost 25 years, but the present scheme for a drastic restructuring of the airline was prompted by a 1981 deficit thet climbed to BFr 3.6bn on sales of BFr 29.8bn, from a 1980 loss of BFr 2.8bn on sales of BFr 23.2bn.

More than BFr 1bn a year of Sabena's losses are accounted for by debt servicing charges which reflect its serious undercapitalisation. Until 1980 the airline's issued capital had been pegged at BFr 750m and mounting operating losses had resulted in a sharp rise in short-term borrowing.

Under the major new capital boost the Belgian Government will subscribe BFr 2bn. The remaining BFr 4bn is to be sought from financial institutions, state-backed investment bodies and the country's regional administrations.

The central government will, however, guarantee a safety net for these new investors by offering the option of buying back their Sabena shares after five years, at purchase price.

Sabena thinks the recapitalisation will take place in stages this year, although it is believed that the first tranche will provide the major share of the new funding with some BFr 5bn being subscribed, of which BFr 1.7bn will come directly from the state.

The major injection of fresh working capital into Sabena and the restructuring of its debt is just one element in the overall rescue operation. Last year Sabena's staff accepted a 17 per cent pay cut and the airline's Middle East and African services were trimmed.

In the past nine months the payroll has been reduced from 9,500 to 8,800 employees. This year Sabena will hive off its catering and aircraft handling operations into independent subsidiaries.

The streamlining measures have already had a marked influence on Sabena's operating losses. For the first nine months of last year these were reduced to BFr 765m from BFr 2.4bn in the same 1981 period.

Anti-trust hurdle for Philips bid

By Richard Lambert in New York

THE U.S. JUSTICE Department has intervened in the bid by North American Philips Corporation to acquire Westinghouse Electric's lamp business. Stating that the proposed merger raises serious competitive concerns over the short term, the Department has ordered Westinghouse to attempt to find another bidder.

Accordingly, Westinghouse has retained Goldman Sachs, the New York investment bank. Philips said yesterday that if no new bidder emerged by Frebruary 18, the Department had indicated thet it would be free to go ahead with its offer. "Should no bidder be found, we will go ahead with our offer," Philips added.

The U.S. lamp business is heavily concentrated, with the four largest manufacturers controlling some 80 per cent of the market. General Electric is much the biggest, followed in second place by GTE Corp.

Westinghouse has an estimated 18 per cent of the market. North American Philips holds fourth place with a share of around 5 per cent.

The proposed takeover was announced last September. It involved 10 manufacturing plants in the U.S., another in Mexico, as well as Westinghouse's Canadian lamp business.

Digital Equipment profits slide

BY OUR FINANCIAL STAFF

SECOND-QUARTER profits of Digital Equipment, the U.S. computer group, tumbled by 38.4 per cent, from a corresponding $99.1m, or $1.79 a share, to $61m, or $1.08 a share, despite an increase in revenues from $965.8m to $1.01bn.

After the disappointing first-quarter reverse of 36 per cent, net earnings for the half-year, ended January 1, emerge 37.3 per cent down from 1981's mid-term level of $187.9m, or $3.39 a share, at $117.8m, or $2.09 a share. Six-month revenues totalled $1.94bn, against $1.8bn previously.

The group, one of the largest manufacturers of data-processing equipment, blamed the disappointing performance on the depressed state of capital equipment markets, both in the U.S. and abroad.

Net income for the latest period was also affected by major investments in new products, higher advertising expenses and "major research and development spending programme." Research spending in the latest half-year totalled $213m.

Nevertheless the directors, who have reported spectacular, uninterrupted growth for the past nine years (1982 earnings reached a peak $417m, or $7.53 a share) expect results to improve in the second half of the current year.

There has been a strong pick-up in customer demand, both in the U.S. and abroad, and the level of incoming orders in the second quarter was the best for any three months in the company's history. Western European orders were particularly strong.

Digital did not disclose an exact incoming order rate, but said orders for its new series of personal computers bad been strong.

Sandvik to restructure French unit

By Our Stockholm Correspondent

SANDVIK, the Swedish cemented carbide and steel group, has announced it will restructure its loss-making French subsidiary, Eurotungstene, end retain ownership in two of three independent new units.

Sandvik said the move was taken because Eurotungstene, which was acquired in June 1980, "could not be viable in its present form or size."

Eurotungstene produces rock drilling, metal cutting and wear parts products in the cemented carbide field, as well as intermediates such as tungsten-carbide powder and cobalt powder.

A new company will be formed in Grenoble to take over development, production and sales of intermediates, with the controlling interest going to mining concerns, part-owned by the French Government. Sandvik will retain a minority interest.

A separate company, based in Epinouze, will take over the wear parts production in both Epinouze and Grenoble and will be wholly owned by Sandvik. The Bourg mining products unit, based in Epinouze will also be wholly-owned. Sandvik will centralise cutting-tool production at the facilities of Safety S.A., another of its French subsidiaries.

Sandvik said the restructuring work will be carried out in 1983-84, leaving the factories intact but operating in a different form, and with 45 per cent fewer employees.

Wilhelmsen set back by shipping crisis

BY ANDREW FISHER, SHIPPING CORRESPONDENT, IN LONDON

WILH. WILHELMSEN, the major Norwegian shipping group, suffered a drop in profits last year and was cautious about 1983 prospects in the continuing crisis in the industry.

While gross freight income rose slightly to NKr 3.73bn ($500m) from NKr 3.69bn, operating profits were down to NKr 575m ($81m) from NKr 633m and profits after depreciation and other charges to NKr 145m from NKr 231m.

Wilhelmsen said the rise in the dollar against Norwegian currency and favourable results from offshore activities were not enough to prevent the decline. Net profits showed a sharper drop to NKr 70m from NKr 242m.

The company's poorer results came amid warnings about prospects for the Norwegian fleet this year. No significant improvement in freight rates is expected.

Mt Atle Jebsen, a leading Norwegian shipowner, told the Norwegian Shipowners' Association, of which he is president, that the crisis would mean "in Norway, we must be prepared to see shipping companies disappear or go bankrupt."

He said several Norwegian ships may be sold abroad, adding: "During the first six months of 1983, we shall experience the worst post-war shipping crisis." Leading Oslo shipbrokers P. F. Bassoe referred in their year-end review to "the parlous state" of Norwegian shipping.

Wilhelmsen, heavily involved in scheduled cargo liner services, said it had secured charters for its semi-submersible rig fleet this year and for most offshore support vessels.

A major part of the bulk carrier fleet was also chartered out. But for the tankers and bulk carriers without charters and for the liner trade, results were uncertain.

Standstill for Danish group

BY HILARY BARNES IN COPENHAGEN

DE DANSK Sukkerfabrikker forecasts unchanged group earnings for the first half of the year despite a reduction in profits from beet sugar refining and deterioration in the earnings of the group's papermaking subsidiary, De forenede Papirfabrikker.

In the year to April 30, 1982, group pre-tax earnings were DKr 317m ($37.14m) on sales of DKr 8.83bn.

The reduction in earnings on sugar production will result from low world market prices and rise in the EEC production tax levied to cover the increasing cost of subsidising exports of sugar to third countries.

Earnings by the group's engineering industry subsidiaries will balance the reduced earnings from sugar and an "unsatisfactory" result from the paper mill.

Skandia lifts payout despite downturn

By David Brown in Stockholm

SKANDIA, Sweden's largest insurance company, has announced in its preliminary results for 1982 a 2-for-1 stock split and a bonus issue for every two new stocks. Each of the three resulting new shares will have half the value of one old.

Pre-tax profits were SKr 540m ($73.9m), down from SKr 717m last year which is adjusted for new currency accounting procedures. The 1982 profit figure includes a currency loss of SKr 70m. It does not reflect an extraordinary item of SKr 117m which represents the added value of overseas assets after Sweden's 16 per cent devaluation in October. Sales were up from SKr 7.1bn to SKr 9.4bn in 1982.

The profit corresponds to earnings per share of SKr 68, and the board has recommended a dividend for the year of SKr 15 per share, up from SKr 12.5 in 1981.

Skandia's profit in the Swedish insurance business dropped from SKr 342m in 1981 to SKr 150m in 1982 due mainly to inflation and heavy claims. Insurance losses abroad, at SKr 80m represent an improvement over last years' SKr 199m. Total profit on insurance activities was SKr 70m, with the remainder of pre-tax profit, SKr 470m, being generated by return on investments. Return on total capital grew 22 per cent.

Burlington Northern slightly ahead

By Our Financial Staff

BURLINGTON NORTHERN, the U.S. railway and resource company which earlier this month agreed to take over El Paso, the Houston energy company for $600m, has reported a modest rise in earnings.

Net profits for the fourth quarter were $81.5m, or $2.13 a share, compared with $79.2m, or $2.06, a year earlier. Full year net profits were $283.8m, or $7.39, against $272.2m, or $7.02.

The 1982 earnings were boosted, however, by a $102.2m extraordinary gain from the sale in May of the groups Burlington Northern Air Freight unit to Pittston Company. The unit is the second largest air freight forwarder in the U.S.

Revenues for the fourth quarter dipped to $1.11bn from $1.13bn, leaving full year revenues down at $4.2bn, from $4.52bn a year earlier.

Grupo Alfa seeks more time from creditors

BY OUR FINANCIAL STAFF

GRUPO Industrial Alfa, the financially troubled Mexican industrial concern, has asked its creditors for a 90-day modified continuation of its corporate and debt restructuring plans.

Alfa, the country's largest private enterprise, met more than 130 creditors in Houston Texas last week. It said it needed more time to work on the plans outlined last December. The company has made no interest payments on its US$2.3bn of debt for about nine months.

The group, which ran into a severe financial crisis last year because of deteriorating business conditions and the devaluation of the peso, plans to divide its assets into two new holding companies.

The new Alfa will consist of Hylsa, Grupo Alfa's successful steel operation, and four petrochemical subsidiaries – Petrocel, Poliolez, Nylon de Mexico and Fiquiza. It is hoped it will be run as a continuing business.

The group's other assets will be placed in a liquidating trust, provisionally called Zeta. Proceeds from selling off its assets in the next five years will help pay Grupo Alfa debts.

Any debt remaining after Zeta is liquidated would be serviced by subordinated debt securities issued by the new Alfa. The plan was drawn up by Lehmann Brothers Kuhn Loeb, the merchant bankers.

Some bankers are concerned about certain aspects of the plan. One question is the fate of loans taken out by a unit which will end up in Zeta although the loan was originally guaranteed by an operation to be placed in the new Alfa holding company.

Européenne de Banque in asset transfer

By David Marsh in Paris

COMPAGNIE Financière de Suez, the state-owned French holding company, has taken over from the former Banque Rothschild industrial and property participations worth a total FFr 504m ($73m, the institutions announced yesterday in a joint communiqué.

The announcement sets the seal oo a long-discussed project to restructure the Rothschild bank, which has changed its name to Européenne de Banque, by hiving off its non-banking activities to a financially stronger partner.

The transfer took effect retroactively from January 1. The most important stake transferred was Européenne de Banque's 13.8 per cent share in the mining holding company, Imetal, which has run into difficulties from its stakes in the loss-making Penarroya and Le Nickel mining companies.

Nokia sales advance

BY LANCE KEYWORTH IN HELSINKI

NOKIA GROUP, Finland's largest private sector industrial company, has reported strong increases in net sales, operating margin and profit for 1982, in its preliminary report for the fiscal year.

It adds that prospects for 1983 are "quite good." This is in sharp contrast to the pessimism of the Finnish manufacturing sector about the current economic recession and the long-awaited upturn.

Group sales rose 16 per cent to FM 6.88bn ($1.26bn), just under the target budgeted a year ago. Three quarters of the total arose from Nokia's foreign operations, including the sales of its foreign subsidiaries. The improvement in sales was due partly to the acquisition of new subsidiaries during the fiscal year.

The operating margin and profitability (operating margin in per cent of invoicing) also improved, with the engineering and plastics divisions showing the best performance.

The general economic recession affected the forest industries division result adversely, although sales increased nearly 13 per cent. The electronics division result was weakened by the performance of some of its subsidiariesy.

The parent company's invoicing increased nearly 13 per cent to FM 4.53bn, and the operating margin and post-tax profit rose. The profit in 1981 was FM 41m on net sales

BASE LENDING RATES

A.B.N. Bank	11 %
Allied Irish Bank	11 %
Amro Bank	11 %
Henry Ansbacher	11 %
Arbuthoot Latham	11 %
Armco Trust Lto.	11 %
Assoeiates Cap. Corp.	11 %
Banco de Bilbao	11 %
Bank Hapoalim BM	11 %
BCCI	11 %
Baok of Irelaod	11 %
Baok Leumi (UK) plc	11 %
Bank of Cyprus	11 %
Bank Street Sec. Ltd.	10½%
Banque Belge Ltd.	11 %
Banque du Rhone	12 %
Barclays Bank	11 %
Beneficial Trust Ltd.	12 %
Bremar Holdings Ltd.	12 %
Brit. Bank of Mid. East	11 %
■ Brown Shipley	11 %
Canada Perm't Trust	11½%
Castle Court Trust Ltd.	11½%
Cayzer Ltd.	11 %
Cedar Holdiogs	11 %
■ *Charterhouse Japhet*	11 %
Choulartons	11½%
Citibank Savings	¶ 9 %
Clydesdale Bank	11 %
C. E. Coates	12 %
Comm. Bk of N. East	11 %
Consolidated Credits	11 %
Co-operative Bank	*11 %
The Cyprus Popular Bk	11 %
Duncan Lawrie	11 %
E. T. Trust	11 %
Exeter Trust Ltd.	12 %
First Nat. Fin. Corp.	13 %
First Nat. Secs. Ltd.	12½%
Robert Fraser	12 %
Grindlays Bank	‡11 %
■ Guinness Mahon	11 %
Gulf G'tee Trust Ltd.	12 %
■ Hambros Baok	11 %
Hargrave Secs. Ltd.	11 %
Heritable & Geo. Trust	11 %
■ Hill Samuel	§11 %
C. Hoare & Co.	†11 %
Hongkoog & Shanghai	11 %
Kingsnorth Trust Ltd.	12 %
Knowslev & Co. Ltd.	11½%
Lloyds Bank	11 %
Mallinhall Limited	11 %
Edward Manson & Co.	12 %
Midland Bank	11 %
■ Morgao Grenfell	11 %
Naliooal Westminster	11 %
Norwich Geo. Tst.	11 %
P. S. Refsoo & Co.	11 %
Royal Trust Co. Canada	11 %
Roxburghe Guarantee	11½%
Slavenburg's Bank	11 %
Staodard Chartered	‖11 %
Trade Dev. Bank	11 %
Trustee Savings Bank	11 %
TCB	11 %
United Bank of Kuwait	11 %
Volkskas Intl. Ltd.	11 %
Westpae Bankiog Corp.	11 %
Whiteaway Laidlaw	11½%
Williams & Glyn's	11 %
Wintrust Secs. Ltd.	11 %
Yorkshire Bank	11 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 8%. 1-month 8.25%. Short-term £8,000/12 months 10.8%.
† 7-day deposits on sums of: under £10,000 8%. £10,000 up to £50,000 8¾%. £50,000 and over 9½%.
‡ Call deposits £1,000 and over 8%.
‖ 21-day deposits over £1,000 9%.
§ Demand deposits 8%.
¶ Mortgage base rate.

AYALA CHIEF BUYS 16% STAKE

Boardroom battle for control of San Miguel

BY EMILIA TAGAZA IN MANILA

TWO of the Philippine's largest companies have become embroiled in e major boardroom battle involving the country's leading private concerns. Ayala, the large property and banking conglomerate, is attempting to unseat the leadership of San Miguel, the Philippine's largest company.

The Ayala group holds the single largest share of San Miguel's capital stock and is represented on San Miguel's board mainly by Mr Enrique Zobel, Ayala's president and patriarch. It was Mr Zobel's recent purchase of a substantial block of San Miguel shares under his personal account that fuelled speculations that he is seeking a change in the company's chairmanship. San Miguel's present chairman is Mr Andres Soriano, a cousin of Mr Zobel.

Last week Mr Zobel bought approximately 11m San Miguel shares, worth some 215m pesos (US$23m), giving him personal control of 16 per cent of the total. The purchase was made by different Ayala companies and the transfer of Ayala's corporate ownership in San Miguel to Mr Zobel's hands would give him better control over these shares.

Remarkable timing

The timing of this share purchase is remarkable in that it came just e few months before the scheduled annual stockholders meeting of San Miguel. Mr Zobel does not deny that the buying spree is a move to consolidate his position in San Miguel, of which he is currently vice-chairman. His priority, as *a director, is* "to put the San Miguel house in order."

Some of Mr Zobel's staff say that he had been surprised that diversification in San Miguel had gone faster than he had expected and that this could have adversely affected its profitability.

Mr Zobel's main complaint is against the "secretiveness" of San Miguel's senior executives. "I am vice-chairman of the board but I honestly don't know what is going on," he said. He referred to e recent board resolution where directors delegated all their powers to the chairman Mr Soriano. One director representing Ayala has filed a formal complaint with the Securities and Exchange Commission over this and has asked that the resolution be declared illegal.

San Miguel's officials say that its top executives may have withheld certain information from the Ayala Group but this was because Ayala had recently been diversifying into areas similar to its own.

Ayala's main lines of business are real estate development, industrial manufacturing, and banking but it has recently ventured into agribusiness and food processing, which have been San Miguel's traditional lines.

Although Mr Zobel claims that he is not seeking San Miguel's chairmanship, he adds that he will not refuse if the stockholders vote him in to the post. Stockbrokers expect, however, that Mr Soriano's group will brace itself for a big corporate fight just to keep tha chairman's seat away from Mr Zobel, if only because his Ayala Group is becoming increasingly involved in businesses that directly compete with San Miguel.

Four years ago, a wealthy Filipino-Chinese tried to get onto the board but San Miguel successfully barred him as he was also involved in the food manufacturing and processing sectors.

Last year San Miguel experienced its first fall in profits for a decade. For the first six months of 1982, net income amounted to 147.2m pesos, compared with a net profit of 164.6m pesos for the same period in 1981.

Tight conditions

San Miguel attributed *the* decline to tight market conditions which prevented the company from raising the prices of its products to compensate for cost increases.

Ayala's profitability has also taken a beating, with net earnings declining by 10 per cent, compared with last year, to 151m pesos. This year, Mr Zobel expects conditions to worsen, with *his* company reducing its total number of employees by 10 per cent, and also reducing its budgets by 10 per cent.

Earnings slump at Alcoa of Australia

By Michael Thompson-Noel in Sydney

ALCOA of Australia, the leading alumina and aluminium producer, suffered a 40 per cent slump in net profits for the year to December, from A$102.1m in 1981 to A$61.1m *(U.S.$59.9m)*. But for the weakening of the Australian dollar against its U.S. counterpart, which boosted export revenues and added A$18m to net profit last year, things would have been worse.

Net profit for 1982's fourth quarter was A$9.9m, against A$21.8m for the same quarter the previous year, confirming a progressive deterioration throughout the year. Sales totalled A$960m, against A$869m in 1981.

Construction activities were badly hit by depressed conditions. Alcoa completed a new alumina refinery at Wagerup, in Western Australia, last June, but has put it in mothballs at a maintenance cost of A$1m a month. In addition, completion of stage one of the A$1bn Portland aluminium smelter in Victoria, has been deferred from late '83 to mid-'85 *at the earliest*.

International markets for alumina and aluminium last year, said the company, were the worst for many years.

The company said in Melbourne *last night that it would "continue to seek solutions" to the impasse at Wagerup and Portland.* Sticking points included an improvement in world markets, its ability to attract equity partners for Portland, and the negotiation of a new power contract in Victoria. The directors said the short-term outlook for alumina and aluminium markets was not encouraging, and would *continue to be reflected in low* selling prices.

Bank support for Orient Finance

BY OUR FINANCIAL STAFF

DAI-ICHI KANGYO BANK yesterday announced that it will continue to extend its full support to the Orient Finance company the shares of which fell sharply et the end of last week.

Last Friday the Tokyo stock exchange designated the shares of Orient Finance, Japan's second largest consumer financing company, as requiring close supervision following rumours of bad debts. Dai-Ichi Kangyo has a holding in Orient Finance an dthere is also a sizeable foreign holding in the group.

Orient Finance shares came under heavy selling pressure, chiefly from foreign investors, when the bad debt rumours circulated around the market. The company's shares were traded heavily on Thursday last (with a volume of 32m shares) and closed at Y1,320 (US$5.62), some Y20 below the previous day's level.

Despite Orient Finance's total denial of the rumours that it had run up a large amount of bad debt, or that it had made an unrecoverable concealed loan to Mr Ichro Nakagawa, the politician who committed suicide recently, the company was inundated by selling orders on Friday. Foreigners alone seemed to have put up over 5m shares for sale.

Securities companies who are underwriting a new 28m share issue for Orient, such as Nomura and Kangyo Kakumaru seem to have bought close to 50m shares in Orient Finance in the past two days almost doubling the number of the shares on offer.

Dai-Ichi Kangyo Bank said in a statement that Orient Finance's business hed been smooth and estimated that its turnover will rise by 50 per cent to Y1,455bn in the year ending March 31.

According to the bank Orient Finance is expected to register a Y6.5bn rise in pre-tax profit to Y25.5bn for the year.

Orient Finance said it estimated its total depreciation for bad loans in the year at Y4.7bn or 0.38 per cent of its total assets, far below the legal ceiling of 1.8 per eent. Its everage individual loan is about Y200,000.

The newly-offered shares will bring Orient Finance's total equity to Y28.3bn, the company said, with foreign ownership slightly lower at 18.3 per cent.

Improved margins at Dunlop SA

By Our Johannesburg Correspondent

DUNLOP, the South African tyre and rubber products manufacturer which is 51 per cent-owned by Dunlop Holdings of the UK, increased its profits in 1982 despite e decline in turnover. Trading profits increased by 17.2 per cent to R36.1m ($34m) while turnover fell by 5.5 per cent to R199.8m.

Trading conditions deteriorated progressively throughout the year largely as a result of a slow down in the motor vehicle market. In addition, market conditions were aggravated, the directors say, by heavy imports. Nevertheless the company improved its product and marketing mix and this, coupled with tight controls on costs and efficiencies, led to the profit improvement.

Total dividends of 75 cents have been declared for 1982 from earnings of 135 cents e share. In 1981 earnings were 128 cents a share and a dividend total of 72 cents was paid.

Spain lifts capital minima for foreign bank branches

BY TOM BURNS IN MADRID

FOREIGN BANKS that heve applied to open branch operations in Spain have been informed that the minimum capital requirement of Pta 750m under existing legislation will be increased to Pta 2bn (US$15.6m).

The increase in the capital requirement is the first change in the ground rules established in 1978 which opened the captive Spanish banking market to foreigners. Some 30 foreign institutions have since opened branches in Spain.

The move directly affects five banks—Wells Fargo, First Interstate of California, Sumitomo, Credit Commercial de France and Banca Commerciale Italiana —of which the representative offices in Madrid had applied for authorisation to start operations over the past 18 months. The representative of one of the banks said the increase would prompt a re-think on whether to maintain the application.

A Bank of Spain spokesman stressed that the bank was not opposed to the authorisation of new foreign branches and that the decision to raise tha security level was a government one. The move appeared to reflect thinking in the new socialist economic team that foreigners willing to come into Spain should commit themselves more fully than up to now.

Whila changed ground rules had been widely expected there was surprise that the Government intends to impose the Pta 2bn requirement retroactively to bank applications already in the pipeline.

The new minimum security level could tempt foreign institutions keen on entering Spain to opt for buying instead an ailing Spanish bank from the Corporacion Bancaria, the so-called bank "lifeboat." So far only Barclays and Banque Nationale de Paris have taken this initiative.

CUB acquires holding in Gadsden

By Our Sydney Correspondent

AUSTRALIA's Carlton and United Breweries (CUB) has spent almost A$25m (U.S.$24.5m) on acquiring a 19.7 per cent stake in J. Gadsden Australia, a packaging group.

CUB bought the stake from ACI International, the Australian manufacturing and resources group, whose slump in profits in the half-year to last October—aggravated by soaring interest costs—has prompted a sale of assets aimed at freeing up to A$100m.

Gadsden is already a pulp supplier. The move is regarded as a long-term investment. It could also cause a shake-out in relationships between Australian brewing and packaging groups, given that Gadsden is a major producer of metal cans.

It is thought likely that CUB will eventually move to acquire the rest of Gadsden.

UK COMPANY NEWS

Interest rate falls boost surplus at Alexanders Discount

BY OUR FINANCIAL STAFF

ALEXANDERS DISCOUNT achieved net profits of £3m in 1982, an increase of £1.25m over the previous period, mainly as a result of falling interest rates. The final dividend is lifted to 13.5p for a total of 20p, compared with 18.5p.

The directors of this money and securities broking group report that the level of resources throughout the year enabled a larger portfolio to be carried. This is reflected in the balance sheet total at the year end of £630m, against £464m. This included bills discounted £260m (£312m), sterling certificates of deposit £240m (£78m), and a net holding of government securities of £32m (£4m). Other securities totalled £59m of which £57m (£49m) were variable rate local authority securities.

The increased level of the company's resources will enable better advantage to be taken of trading opportunities as they occur.

Notwithstanding the uneven nature of profits from year to year, the directors will endeavour to maintain a steady growth in dividends, they say. The increase in the profit and loss account carry-forward will be considered to be available for this purpose should it be necessary.

The company has benefited for the first time from tax relief arising from leasing activities during the year. A substantial part of the relevant tax is considered unlikely to be payable in the foreseeable future and has been transferred to contingency reserve.

The year's profit was struck after rebate and tax, and making a transfer to contingency reserve. The general reserve goes up from £5m to £7m after transferring £1m from profit and loss and a similar amount from contingencies.

The published and capital reserves will be up to £14.46m (£11.38m).

Mary Kathleen to pay 15c for 1982

BY KENNETH MARSTON, MINING EDITOR

A VETERAN among uranium mines, the Rio Tinto-Zinc group's Mary Kathleen Uranium in Queensland finally ceased production in October last year after a somewhat chequered career stretching back to the summer of 1958. Financially, the Australian company is having a final fling.

Net profits for 1982 come out at A$10.4m compared with A$1.74m in the previous year, although it is pointed out that earnings for 1981 would have been A$7.48m with the exclusion of abnormal items and adjustments to the tax provision.

The company is declaring a dividend for 1982 of 15 cents which compares with 2 cents for 1981, the latter being the first dividend since 1964. Furthermore, it is hoped to make a partial capital return when the plant and equipment have been sold and the cost of rehabilitation more accurately assessed.

Uranium oxide production last year rose slightly to 859 tonnes and when operations ceased there were sufficient stocks to most contract commitments. The auction of remaining assets is to be held in April.

Japan may aid Philippine copper mines

THE Philippine Government has asked Japan for an emergency credit in yen equal to $125m to aid the Philippines' copper mining industry which has been hit by low metal prices, it is reported from Tokyo.

Although Japan already provides an annual yen credit as part of its policy of providing developing countries with low interest credit for industrial development projects, it has not so far moved into relief financing.

However, it is thought that the Japanese may agree to the Philippine Governments' request because Japan depends to a large extent on the Philippines for copper concentrates and has invested in some of the copper mining companies there.

LADBROKE INDEX
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Amax mine closures 'indefinite'

THE CONTINUING recession in the world steel industry and its impact on the market for molybdenum has now led the world's leading producer, Amax, to declare the indefinite closure of its big Climax and Henderson molybdenum mines in Colorado.

After a period of below capacity working both the Climax and Henderson mines embarked on temporary closures last year as did the group's big new Kitsault mine in British Columbia. It was subsequently announced that Climax and Henderson would remain closed until at least April this year.

For the first nine months of last year Amax recorded a net loss of $145.6m compared with a net profit of $216.6m in the same period of 1981. The company recently issued 2m shares in order to effect the cancellation of $46.6m debt in the shape of debentures held by Lehman Brothers, Kuhn Loeb.

RESULTS IN BRIEF

■ **DAVID S. SMITH**
Packaging materials manufacturer

Half-year to Oct 31	1982	1981
	£	£
Sales	2.89m	3.77m
Pre-tax profit	219,000	604,000
Tax	90,000	291,000
Attributable profit	120,000	313,000
Earnings per share	2.2p	5.8p
Dividend	2.5p	2.5p

■ **THE INDEPENDENT INVESTMENT COMPANY**
Investment trust

Half-year to Dec 31	1982	1981
	£	£
Sales	—	—
Pre-tax profit	491,000	125,000
Tax	185,000	67,000
Attributable profit	196,000	39,000
Earnings per share	0.7p	0.14p
Dividend	—	—

■ **P. H. INDUSTRIALS**
Joinery & shopfitting

Half-year to Oct 31	1982	1981
	£	£
Sales	706,389	—
Pre-tax profit	98,481	20,498
Tax	51,210	10,670
Attributable profit	47,271	9,828
Earnings per share	2.41p	1.13p
Dividend	1.5p	—

■ **RAEBURN INVESTMENT TRUST**
Investment trust

Year to Nov 30	1982	1981
	£	£
Sales	—	—
Pre-tax profit	3.49m	3.01m
Tax	1.32m	1.09m
Attributable profit	2.09m	1.84m
Earnings per share	—	—
Dividend	7.9p	6.9p

■ **STOCK CONVERSION & INVESTMENT TRUST**
Property investment

Half-year to Sept 30	1982	1981
	£	£
Sales	—	—
Pre-tax profit	6.53m	5.75m
Tax	3.46m	2.96m
Attributable profit	3.07m	2.79m
Earnings per share	3.87p	3.33p
Dividend	1.75p	1.75p

■ **WILLIAM SOMMERVILLE & SON**
Paper maker

Half-year to Nov 30	1982	1981
	£	£
Sales	2.48m	2.27m
Pre-tax profit	47,000	48,000
Tax	16,000	23,000
Attributable profit	31,000	25,000
Earnings per share	4.65p	3.39p
Dividend	0.55p	0.55p

■ **STIRLING GROUP**
Garment manufacturer

Half-year to Sept 30	1982	1981
	£	£
Sales	7.23m	6.91m
Pre-tax profit	549,000	528,000
Tax	265,000	275,000
Attributable profit	284,000	253,000
Earnings per share	4.74p	4.52p
Dividend	0.5p	0.4p

JOB CUTS AND CLOSURES

Dowty edges ahead with £17m

BY OUR FINANCIAL STAFF

DOWTY GROUP reported pre-tax profits of £16.97m, against £15.7m for the half-year to September 30, 1982, after writing off £3.46m, against £0.37m, in redundancy and closure costs. Sales increased by £36.71m to £197.91m.

The redundancy and closure costs all occurred in the first half. Over £3m of these costs were attributable to the group's aerospace and defence division, made necessary by the attenuation of long term contracts because of the poor worldwide market for new aircraft and reduced utilisation of those in service.

Sir Robert Hunt, the chairman, says that at the year end, group sales will have increased but, partly due to redundancy costs and increased competition for the available business, it is doubtful if the group profit margin will have kept pace with sales growth.

In the circumstances, he says operating profits may be a little in excess of last year's £39.76m. For the six months under review, operating results were up from £16.49m to £17.63m.

With the half-time tax charge higher at £8.46m, compared with £4.6m, stated earnings per 50p share slipped from 5.5p to 5.2p. The interim dividend, however, is stepped up from 1.55p to 1.65p net – last year's total payment was 3.7p and pre-tax profits came to £39.14m.

The sales trend established last year, indicating an increase in overseas and exports with a standstill in sales at home, continued throughout the first half of the current year.

There has been a significant change in the mix of profits between the various divisions. The margins in aerospace and defence have been eroded, while mining and industrial have maintained their margins, with a higher level of sales in mining.

As predicted last year, the electronics division has improved substantially both in sales and profit. Some of the addition was attributable to the inclusion for the first time of five months input from the newly acquired RFL Company in the U.S., but an improved UK contribution was the most significant proportion.

Mining division sales have held up well this year both at home and overseas, but unless the world economy improves in the near future, there must be doubt over the medium term requirements for capital investment in coal mining, the chairman warns.

Superdrug to seek full listing

By Dominic Lawson

SUPERDRUG, the part U.S.-owned self-service drug store retailer, is coming to the market for a full stock exchange listing, probably in the first half of February.

The company, which has a network of 143 stores, was formed in 1966, and has enjoyed rapid profits growth. From under £1m pre-tax in the year to February 1977, profits have risen to almost £4.4m last year.

Mr Godfrey Pond of Baring Brothers, Superdrug's bankers, confirmed yesterday that the market value placed on the company would be in the region of £50m ($80m). Mr Pond added thet about 25 per cent of the equity would be offered to the public, the minimum possible under Stock Exchange regulations.

At present 42.5 per cent of the Superdrug equity is held by the U.S. drug store company Rite Aid Corporation. In July 1971 Rite Aid took a 50 per cent stake in Superdrug, at which time the British company had only 16 outlets.

After the flotation, Rite Aid, which at one point wanted to acquire the remaining Superdrug equity, will hold no more than 30 per cent of the shares.

Mr Pond would not specify whether new money would be raised by the offer, or whether existing shares would be sold.

FIH recovers in third quarter

BY OUR FINANCIAL STAFF

A GOOD third quarter has enabled Ferguson Industrial Holdings (FIH) to recover, and produce results for the nine months to November 30 1982 just ahead of the comparable figure in 1981. Strong performances from the two main divisions, building supplies and printing and packaging, were the main factors in the surge.

At the halfway stage pre-tax profit had fallen behind by £287,000, mainly as a result of the continuing poor performance of the giftware division. However, by the and of the nine months' period the profit had recovered and was actually £50,000 ahead at £2.89m compared with 1981.

Mr Denis Vernon, chairman, says the building supplies division saw an encouraging increase in activity, and it added over £800,000 to its half year profit of £825,000.

Printing and packaging solved most of its problems in time to take advantage of the seasonally buoyant demand for some of its specialised products, and it added £1.1m profit in the third quarter alone.

Engineering came out of the doldrums, but there is still a long way to go before it reaches an acceptable level of trading.

Civil engineering sales were down on last year, and a lower contribution from this division was expected.

Giftware continues to find difficulty in reaching an adequate level of sales.

In the year to February 28 1982, the group earned a pre-tax profit of £3.42m and paid a dividend total of 5.7p. An unchanged interim dividend of 2.2p has already been paid for the present year.

Six month decline in profits for SEET

By Our Financial Staff

SALES of Scottish, English and European Textiles (SEET) showed a modest increase from £4.81m to £4.98m, but pre-tax profits for the half year to October 31 1982 fell £61,000 to £320,000.

Mr J Mackenzie, the chairman, says it is hoped the recent decline in the value of sterling will assist the group's export business, improving its second-half figures.

At the last annual meeting in September the chairman said current figures indicated a similar profitability to the same period last year, as a result of the worldwide recession and market resistance to the then strong pound.

The interim dividend again absorbs £40,000 leaving a retained balance down from £135,000 to £99,000.

■ **SCOTTISH, ENGLISH & EUROPEAN TEXTILES**

Half-year to Oct 31	1982	1981
	£	£
Sales	4.98m	4.81m
Pre-tax profit	320,000	381,000
Tax	187,000	200,000
Attributable profit	139,000	175,000
Earnings per share	3.46p	4.36p
Dividend	1p	1p

UK COMPANY NEWS

Star Computer ahead at midway

BY OUR FINANCIAL STAFF

TAXABLE PROFITS of Star Computer Group, which obtained a full stock exchange listing in November, improved by £31,000 to £232,000 for the half year to October 31 1982. *Sales rose from £1.6m to £2.22m* and the directors say the current state of the order book is encouraging.

They anticipate a trading pattern in 1982–83 similar to the previous year, where the greater part of sales and profits arose in the second six months. They describe prospects for the full year as very satisfactory.

The directors intend to declare a *dividend at the time of publication* of the year's results. For the 12 months to April 30 1982, taxable profits moved ahead from £740,000 to £822,000.

Directors say that new customers *of Hartley are being fully integrated* into the client structure and benefits to the group's financial position will be strongly felt in the second half of the current year.

Word processing and share registration packages have been successfully marketed and further development is under way on accountants, solicitors and commercial packages. In particular, a range of financial planning services will soon be available

Star is also extending its hardware product range to encompass developments within the personal/professional computer field. Links are being forged with a number of *leading* manufacturers of these computers and Star fully anticipates active marketing of the product before the financial year end.

First-half 1982–83 earnings per share rose from an adjusted 2.6p to *3p, after tax of £70,000 (£66,000).*

Financial Times commercial law report

EEC evidence properly heard without jury

REGINA v COLDSTEIN

House of Lords (Lord Diplock, Lord Edmund-Davies, Lord Keith of Kinkel, Lord Roskill and Lord Brightman): January 20 1983

WHERE THE purpose of evidence in a criminal trial is to establish that a UK prohibition on importation is a justifiable exception to the EEC ban on prohibitions as between member states, it may be heard by the judge in the absence of a jury in that the issue is as to the meaning of the EEC Treaty and is accordingly a question of law, not of fact.

The House of Lords so held when dismissing an appeal by Mr Alexander Joseph Coldstein from a Court of Appeal decision upholding his conviction in Ipswich County Court in respect of the unlawful importation of 50 Citizen Band radio sets into the UK.

* * *

LORD DIPLOCK said that Mr Coldstein was caught in the act of clandestinely importing into the UK from Belgium 50 Citizen Band radio sets capable of transmitting on a frequency between 26.1 and 29.7 megacycles per second.

The manufacture and importation of that class of apparatus had been prohibited since 1968 by the Radiotelephonic Transmitters (Control of Manufacture and Importation) Order 1968, made under section 7(1) of the Wireless Telegraphy Act 1967.

Mr Goldstein was charged on indictment with an offence under section 170(2) of the Customs and Excise Management Act 1979, of being knowingly concerned in a fraudulent evasion of that prohibition.

The trial took place at Ipswich Crown Court before Judge Binns and a jury. Upon arraignment Mr Coldstein pleaded not guilty. The facts were proved and not *disputed*.

At the conclusion of the prosecution's case a submission was made on behalf of Mr Goldstein that the Order of 1968, insofar as it prohibited importation of the apparatus from member states of the European Communities, was contrary to article 30 of the Treaty of Rome.

Article 30 provided that "quantitive restrictions on imports and all measures having equivalent effect" should be prohibited between member states.

That article was one to which, in accordance with the Treaty, legal effect was to be given in the UK. Under the terms of section 2(1) of the European Communities Act 1972 it was to be recognised and enforced accordingly.

It was also well-established by the case law of the European Court of Justice that a total prohibition on *imports* was a quantitive restriction within the meaning of article 30.

The ban on quantitive restrictions, however, was not absolute. It was qualified by article 36 of the Treaty of Rome which provided that the provisions of article 30 should not preclude prohibitions "justified on grounds of . . . public policy or public security; the protection of health and life of humans."

At Mr Goldstein's trial, the prosecution conceded that the prohibition fell within article 30, but said that it was nevertheless saved by article 36 as being justified on the grounds of public policy, public security, and the protection *of health and life of* humans.

The onus of proving that the prohibition was justified under article 36 lay on the Crown. After uncontested evidence of the clandestine importation had been given, oral evidence was called before the judge, in the absence of the jury, for the purpose of showing what adverse effects the abolition of the prohibition would have on public policy and security, and human health and life.

*

The judge was satisfied, beyond all reasonable doubt, that the prohibition was justified on those grounds. He ruled that the existence of the offence was made out and directed the jury that on the uncontested facts as to the importation of the apparatus by Mr Coldstein, they were bound to convict him.

In *Re Imports of Poultry Meat: EEC Commission v UK Vol 35 [1982] 3 CMLR 497, 516* Advocate General Capotorti, summarising the scope of article 36 in creating exceptions to article 30, stated in his opinion that "a state which relies upon article 36 . . . may not confine itself to stating that the measures are in fact based on one of the grounds indicated . . . but must demonstrate that those measures are necessary in order to attain the desired objective; and that it was impossible to take an alternative course of action which was equally effective and yet less liable to restrict trade."

*

To demonstrate that the measures were necessary, factual evidence must be adduced (1) to identify the various mischiefs which the challenged restrictive measures were intended to prevent; (2) to show that those mischiefs could not have equally effectively been cured by other measures less restrictive of trade; and (3) to show that the measures were not disproportionately severe having regard to the gravity of the mischief against which they were directed.

It was for those purposes alone that the oral evidence was adduced before Judge Binns. The effect of the evidence was summarised by the Court of Appeal. It showed that the use of Citizen Band radio on the megahetz wave band adversely affected a whole variety of electronic devices used up and down the length and breadth of the country. They included aircraft instrument landing systems, hospital bleep paging systems, fire services and police wavelengths, and alarm systems available to old people living alone.

In the Court of Appeal it was submitted on behalf of Mr Goldstein that the evidence ought to have been given in the presence of a jury. The submission was rejected and the Court of Appeal certified two questions of law for the opinion of the House of Lords: (1) "Was the issue as to whether the prohibition on importation was ineffective by virtue of articles 30 and 36 to be decided by the judge alone, whether or not evidence had to be called?" (2) Did the answer to that question differ depending on whether such issue was raised before or after arraignment?

To answer those questions it was unnecessary to look further than at section 3(1) of the European Communities Act 1972. That provided that "For the purposes of all legal proceedings any question as to the meaning or effect of any of the Treaties, or as to the validity, meaning or effect of any Community instrument, shall be treated as a question of law."

The Order of 1968, and the Act under which it was made, predated the 1972 Act and the entry of the UK into the EEC. The determination of whether importation of the apparatus from a member state still constituted an offence depended on whether, in English law, articles 30 and 36 had the effect of repealing the Order, or rendering it *ultra vires* in respect of importation from other member states.

That was incontestably a question as to the meaning and effect of one of the Treaties. It thus fell fairly and squarely within section 3(1) of the 1972 Act, and by virtue of that subsection, was for the purpose of all legal proceedings to be treated as a question of law.

Thus, in a criminal trial it was a question for the judge and not for the jury. The answer to the first certified question was "yes."

*

The second certified question was answered "no." In view of the express provisions of section 3(1) it could not make any difference at what stage of the legal proceedings a question arose as to the effect or meaning of any Community instrument. The question was always to be treated as a question of law.

The appeal should be dismissed.

Lord Edmund-Davies, Lord Keith, Lord Roskill and Lord Brightman agreed.

For the Crown: Peter Archer QC and John Devaux (Solicitor, Customs and Excise).

For Mr Goldstein: Louis Blom-Cooper QC and Gordon Bennett (Harold Weston and Co.).

By Rachel Davies
Barrister

Home Video starts bid discussions

BY CHARLES BATCHELOR

HOME VIDEO Holdings has begun discussions which are expected to lead to an offer being made for its entire share capital. This comes less than two months after merger talks with the Intervision video group were broken off.

Home Video, whose deputy chairman is Mr Jack Gill, the former managing director of Lord Grade's Associated Communications Corporation, said last night that Intervision was not involved in the latest round of talks.

The company has advised licenced dealers Hill Woolgar, which maintains a market in their shares, to continue their suspension.

Home Video, which acquires film rights for distribution in video form in the UK, had a net asset value of £2.34m on June 30, 1982.

It made a pre-tax profit before extraordinary items of £371,000 on turnover of £2.87m in the 12 months to last June. It expects to make a further announcement on the bid talks "as soon as practicable."

U.S. owned hotel's £3m debts

ONE OF Aberdeen's newest and most luxurious hotels has been put into the hands of the liquidator by its ailing U.S. parent, First Hospitality Corporation of New Jersey. Building cost overruns leave it with debts amounting to £3m.

The *Huntley Hotel* was opened in February 1981 to serve businessmen in the North Sea oil industry. Despite high occupancy levels, a reputation as a first class hotel, and an Egon Ronay-recommended restaurant, it has been unable to keep up with debt repayment costs amounting to about £325,000 a year.

The newly appointed receivers said "Financial problems in America *mean the corporation is not able* to support the Aberdeen Hotel."

The receivers are understood to be prepared to allow the 87 room hotel to continue normal business until a buyer is found. It employs 96 staff.

Cost overruns are understood to have arisen because many of the debts occurring during construction were in dollars at a time when sterling was extremely strong. Instead of costing £1.7m as planned, the hotel cost £2.25m.

These debts might have been carried by the hotel's parent company if First Hospitality had not itself run into serious problems, casualty of deep recession in the U.S. Mr Stanley Appel, head of First Hospitality, was not available to comment *on his or the Huntley Hotel's problems.*

FINANCIAL TIMES STOCK INDICES

	Jan. 24	Jan. 21	Jan. 20	Jan. 19	Jan. 18	Jan 17	A year ago.
Government Secs. ...	77.00	78.34	78.99	78.90	78.67	72.49	63.02
Fixed Interest......	78.74	80.51	80.68	80.63	80.48	80.66	64.07
Industrial Ord.......	605.7	619.4	624.8	621.6	614.8	619.8	557.7
Gold Mines............	601.2	640.0	656.3	664.2	656.3	660.4	272.3
Ord. Div. Yield........	4.95	4.84	4.79	4.84	4.86	4.81	5.46
Earnings, Yld.% (full)	10.63	10.40	10.29	10.30	10.40	10.26	2.70
P/E Ratio (net) (*).....	11.29	11.56	11.66	11.67	11.56	11.72	13.10
Total bargains. ...	25,470	23,650	23,713	24,021	24,768	25,660	21,742
Equity turnover £m.	—	301.62	233.62	218.71	200.71	222.05	143.0
Equity bargains......	—	20,302	19,498	18,189	21,144	24,168	18,136
Shares traded (ml)...	—	175.9	145.6	135.0	133.1	166.8	102.4

10 am 611.3. 11 am 613.5. Noon 614.8. 1 pm 614.1.
2 pm 610.5. 3 pm 606.8.
Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Industrial 1/7/35.
Gold Mines 12/10/55. SE Activity 1974.
Latest index 01-246 8026.
*Nil=10.48.

HIGHS AND LOWS

	1982/3 High	1982/3 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs...	85.84 (3/11)	61.89 (5/1/82)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int....	87.02 (12/11)	62.79 (7/1/82)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.....	637.4 (12/11)	518.1 (5/1/82)	637.4 (12/11/82)	49.4 (26/6/40)
Gold Mines..	664.2 (19/1/83)	181.2 (22/6)	664.2 (15/1/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 21	Jan. 20
—Daily		
Gilt Edged		
Bargains...	164.1	167.8
Equities		
Bargains...	131.6	126.3
Value	609.6	472.3
5-day Avrge		
Gilt-Edged		
Bargains...	186.0	216.7
Equities		
Bargains...	135.1	138.0
Value.......	473.3	452.2

LONDON RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
$108	F.P.	13/1	192	140	‡Baltic Leasing 5p...	180	−8	b2.6	3.5	2.2	14.2
‖ ‖	F.P.	—	16	12	‡Booth (Charles) 5p.	14½	−½	—	—	—	—
$100	F.P.	22/4	102	100	Br. Kidney Pat. As. ...	102	...	—	—	—	—
¶215	100p	22/4	64	57	Britoil 10p..............	57	−5	b9.8	1.8	8.2	9.6
$74	F.P.	21/1	152	103	‡Canvermoor	145	−15	b3.64	2.0	3.0	16.6
56	F.P.	7/1	133	98	‡GarfunkelsRest.10p	115	......	b1.66	3.2	2.3	15.0
$17	F.P.	21/1	35	24	‡Inn Leisure 5p	32	−2	bd.42	3.7	1.2	16.0
$130	F.P.	14/1	190	155	‡Memory Comp Ir10p	183	−7	bQ26.6	3.8	1.3	15.9
$120	F.P.	30/12	265	185	‡Micro Bus. Sys. 10p	230	−25	b2.25	3.4	1.4	22.9
$190	F.P.	—	388	330	‡Microgen..............	360	−20	b4.0	2.9	1.6	29.7
$155	F.P.	7/1	255	200	‡Munford & White....	240	−3	b2.6	2.4	1.6	17.2
‖	F.P.	—	177	149	‡NMW Computers.	168	−2	a3.0	2.3	2.6	17.8
$95	F.P.	4/2	198	145	‡Resource Tech.10p	180	−15	—	—	—	38.8
525	F.P.	14/1	217	143	S.T.C (NSW)..........	192	−2	b6.0	1.9	4.5	15.6
$62½	F.P.	21/12	150	102	‡SistersFoodPrds10p	139	−4	b2.0	3.6	2.1	14.7
$120	F.P.	—	125	107	‡Swindon Priv Hos£1	107	−3	—	—	—	—
$101½	F.P.	—	41	16	‡Tops Estates 10p...	41	+1	—	—	—	—
$80	F.P.	—	87	55	††Voyager Pet. (UK) ..	55	......	—	—	—	—
$150	F.P.	—	340	265	‡WightCollinsR.S10p	275	......	bd2.75	3.5	1.4	58.7

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or −
**	F.P.	—	108	102	AMEC 15% Uns. Ln. 1992	105½	−1
**	F.P.	—	90	90	Anglo-Nordic 10% Cnv. Uns. Ln. 1989	90	......
97.504	£25	4/5	29½	17	BOC 12½% Uns. Ln. 2012-17.	17	−2
22.431	£20	10/4	21⅞	12¼	Birmingham 11½% Red. 2012............	12¼	−1⅛
96.574	£25	29/4	26¼	23	Bishopsgate Tst. 7.17% Stpd Deb 2023	23	−1½
**	F.P.	—	130	86	European Inv. Bk. 11% Ln. 2002........	86	−1½
**	F.P.	—	56p	30p	Jessel Toynbee 3.75% Red Cum. Pref.	55p	......
99.799	£25	31/5	25½	22	London Shop 12.5% 1st Mt. Deb. 2015-20.	22½	−2
99.13	£25	31/5	24¼	20½	NatWest 12½% Sub. ord Uns Ln.2004.	20½	−1¼
$97.174	£25		24½	24	Pearson (S) 13% Uns. Ln. 2007/24		
$99.799	£30	25/2	30¾	22½	Scottish Eastern Inv. Tst 12½% Deb. 2012	27	−1½
26.55	£26	8/7	25⅜	24	Sweden 13½% Ln. Stk. 2010...........|	24	−⅞
**	F.P.	16/2	90	85	Transcont. 9% Cnv.Ret.Uns.Ln.Nts.1998	88	......

"RIGHTS" OFFERS

Issue price	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982/3 High	1982/3 Low	Stock	Closing price	+ or −
26	Nil	28/1	18/2	152pm	94pm	Arlen Elec..............................	146pm	−6
20	Nil	28/1	18/2	26pm	18pm	Bellway....................................	23pm	−1
50	Nil	8/3	2/5	6pm	2pm	Clutt Oil 'B'	5pm	+½
60	F.P.	14/1	11/2	73	65	ICL...	72	−1
95	Nil	7/2	21/3	24pm	15pm	NSS News 10p	15pm	−6
58	Nil	3/2	28/4	5pm	3pm	Stakis 10p..............................	5pm	......
470	F.P.	11/1	11/2	595	525	Wolseley-Hughes	585	......

Renunciation date usually last day for dealing free of stamp duty. Fr French France. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *t* Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now making for dividend or making only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ‡ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. ◆ Merger bid or reorganisation in progress. M Dividend and yield based on prospectus or other official estimates for 1983-84.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan 10	Jan 21	April 21	May 3
Jan 24	Feb 4	May 5	May 16
Feb 7	Feb 18	May 19	May 31

For rate indications see end of Share Information Service

Stocks favoured for the call included Chubb, Mellins, United Guarantee, Kia-Ora Gold, First National Finance, John Brown, London and Liverpool, Provident Financial, Zambia Copper Investments, Combined Technologies, MFI, Charterhouse, Turner and Newall, Samantha and Albert Fisher. No puts were reported. Doubles were struck in Turner and Newall and Acorn Securities.

ACTIVE STOCKS

Above average activity was noted in the following stock yesterday.

Stocks	Closing Price	Day's Change
Barratt Devs	452	−20
Bellair	38	+10
Brit Printing	98	+ 2
Cons Gold Fields	503	−36
Dowty	136	−13
ICI	362	− 8
London and Liverpool	448	− 4
Ocean Transport	84	+ 9
Plessey	568	−22
RTZ	493	−21
Staffs Potts	48	+ 7
Wight, Collins, RT ...	275	—

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Friday's close	Day's change
Lon. & Liv. Tst.	31	452	−18
Bio-Isolates ...	28	280	−10
Saatchi & S'chi	18	675	+35
Davy Corpn. ...	15	54	− 5
Racal Elec. ...	14	476	+ 8
ICI	13	370	− 8
Arlen Elect. ...	12	180	+ 8
BAT Industries	12	700	− 4
Cons. Gld. Fds.	12	538	−17
De Beers Dfd.	12	436	− 7
Lasmo	12	320	—
Mellins	12	181	+ 7
Oceonics	12	780	+30
Unilever	12	790	−15

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Mon Jan 24 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Jan 21 Index No.	Thur Jan 20 Index No.	Wed Jan 19 Index No.	Tues Jan 18 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208) ●	418.60	−2.0	9.58	4.11	13.00	427.24	430.50	430.44	432.88	367.43
2	Building Materials (24)	407.74	−2.4	10.35	4.65	11.63	417.63	417.98	414.64	411.62	319.59
3	Contracting, Construction (30)	733.99	−2.6	12.00	4.50	9.93	753.45	752.96	748.94	743.98	572.45
4	Electricals (32) ●	1569.22	−2.1	7.67	2.20	16.73	1602.96	1617.51	1626.29	1643.24	1254.21
5	*Engineering, Contractors* (10)	401.85	−0.9	17.44	7.44	7.02	405.58	414.99	402.91	410.58	517.18
6	Mechanical Engineering (66)	196.46	−1.7	12.33	6.03	9.92	199.86	202.55	202.81	201.11	196.67
8	Metals and Metal Forming (11)	157.41	−1.6	13.75	7.90	8.73	159.98	162.78	163.95	162.24	173.04
9	Motors (18)	76.73	−2.5	1.11	8.29	—	78.66	80.30	80.27	80.07	99.85
10	Other Industrial Materials (17)	382.20	−1.1	9.17	5.58	13.59	386.62	387.19	380.88	377.80	390.96
21	CONSUMER GROUP (201) ●	400.30	−2.2	10.43	4.43	11.62	409.22	412.28	407.87	403.31	285.29
22	Brewers and Distillers (23)	442.80	−2.0	11.39	4.82	10.72	451.87	456.51	456.84	449.03	276.39
25	*Food Manufacturing* (21)	329.23	−1.6	13.98	5.60	8.43	334.59	333.41	331.47	330.82	283.21
26	Food Retailing (14)	838.90	−2.2	7.46	2.82	16.82	857.53	851.03	840.14	852.99	581.84
27	Health and Household Products (8)	706.96	−2.6	5.58	2.58	21.27	725.75	737.83	719.78	718.33	378.45
29	Leisure (24) ●	476.95	−1.8	8.60	5.05	15.08	485.80	485.71	477.71	472.64	432.57
32	Newspapers, Publishing (13)	695.11	−0.4	9.11	4.66	13.83	698.18	705.62	718.87	699.86	492.43
33	Packaging and Paper (14)	149.38	−1.5	15.59	7.58	7.53	151.65	154.18	154.38	154.25	139.37
34	Stores (47)	342.40	−2.8	8.81	4.02	15.01	352.28	357.36	354.48	349.34	258.71
35	Textiles (23)	177.37	−1.5	13.43	6.04	9.06	180.09	180.87	179.82	177.66	164.11
36	Tobaccos (3)	481.21	−1.9	18.23	5.76	6.06	490.39	492.75	479.64	466.37	278.74
39	Other Consumer (11)	352.32	−1.3	2.39	3.95	—	356.90	355.57	358.37	350.43	272.46
41	OTHER GROUPS (77)	296.41	−1.4	11.69	5.61	10.28	300.72	302.69	300.75	298.60	240.63
42	Chemicals (15)	387.35	−2.0	12.73	6.25	9.33	395.24	401.77	401.03	394.23	332.65
44	Office Equipment (5)	85.34	−4.4	16.05	8.47	7.65	89.28	91.52	88.71	89.03	126.47
45	Shipping and Transport (13)	540.78	+0.2	14.02	7.87	7.44	539.84	543.06	543.40	540.68	569.52
46	Miscellaneous (44)	424.57	−0.9	9.40	4.27	12.95	428.63	426.80	422.76	422.91	385.39
49	INDUSTRIAL GROUP (486) ●	393.29	−2.0	10.30	4.47	11.85	401.36	404.35	401.68	399.71	308.47
51	Oils (14)	727.30	−5.2	17.39	7.95	6.78	766.84	768.91	752.87	746.13	690.61
59	500 SHARE INDEX ●	420.99	−2.5	11.35	4.98	10.67	431.75	434.64	430.84	428.46	340.23
61	FINANCIAL GROUP (121)	281.03	−1.8	—	6.28	—	283.82	284.22	282.25	279.72	253.52
62	Banks (6)	288.91	−1.8	34.90	8.35	3.13	291.05	294.04	292.50	291.02	276.77
63	Discount Houses (8)	275.10	−1.7	—	8.61	—	279.97	278.62	279.23	281.47	223.53
65	*Insurance (Life)* (9)	349.87	−0.8	—	5.47	—	352.83	354.45	350.65	346.95	251.29
66	Insurance (Composite) (10)	194.72	−0.3	—	7.30	—	195.33	194.07	191.57	189.11	156.88
67	Insurance Brokers (7)	547.22	−1.7	11.73	4.98	11.86	556.92	560.91	558.78	542.87	435.62
68	Merchant Banks (13)	161.37	−0.2	—	5.34	—	161.71	160.53	160.84	159.72	140.85
69	Property (54)	417.54	−1.2	6.17	4.29	21.41	422.53	424.24	424.51	420.78	340.85
70	Other Financial (14)	204.01	−2.4	13.69	5.72	8.67	208.98	207.74	206.23	204.23	184.57
71	Investment Trusts (109)	393.19	−0.8	—	4.27	—	396.55	398.78	389.45	389.94	303.19
81	*Mining Finance* (4)	249.11	−5.4	8.24	5.71	16.25	263.20	268.86	273.55	268.71	221.53
91	Overseas Traders (16)	424.75	−1.9	13.75	8.52	11.24	433.16	451.72	438.16	433.66	423.69
99	ALL-SHARE INDEX (750) ●	387.41	−2.2	—	5.20	—	396.16	398.27	395.87	392.79	319.95

FIXED INTEREST

	PRICE INDICES	Mon Jan 24	Day's change %	Fri Jan 21	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	115.45	−0.86	116.45	—	0.98
2	5-15 years	122.44	−1.87	125.04	0.27	1.62
3	Over 15 years	128.02	−2.22	130.93	—	0.00
4	Irredeemables	134.93	−1.61	137.14	—	0.00
5	All Stocks	121.88	−1.67	124.06	0.11	0.97
6	Debentures and Loans	99.40	−0.67	100.07	—	0.25
7	Preference	75.06	−0.40	75.36	—	0.21

	AVERAGE GROSS REDEMPTION YIELDS		Mon Jan 24	Fri Jan 21	Year ago (approx.)
	British Government				
1	Low	5 years	9.27	9.05	12.73
2	Coupons	15 years	10.91	10.63	13.94
3		25 years	11.18	10.98	13.74
4	Medium	5 years	12.00	11.60	15.80
5	Coupons	15 years	12.16	11.78	15.58
6		25 years	11.76	11.37	14.97
7	High	5 years	12.14	11.70	15.86
8	Coupons	15 years	12.28	11.96	15.73
9		25 years	11.82	11.54	15.33
10	Irredeemables †		10.97	10.78	13.34
11	Debs & Loans	5 years	12.73	12.60	16.67
12		15 years	12.73	12.63	16.36
13		25 years	12.73	12.66	16.19
14	Preference †		13.24	13.18	15.85

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.
● Corrected indices for January 21

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	82	15
Corpns. Dom. and Foreign Bonds ...	2	39	36
Industrials	125	562	640
Fin. and Props. ...	57	200	257
Oils	16	38	55
Plantations	—	7	16
Mines	11	91	49
Others	55	62	40
Totals	266	1,081	1,107

NEW HIGHS AND LOWS FOR 1982/3

NEW HIGHS (60)

AMERICANS (9)
Brunswick — Saul (B. F.)
Dana — Sperry Corp.
Exxon — Texaco
Gulf Oil — Zapata Corp.
Quaker Oats

CANADIANS (1)
Tor. Dom. Bk

BANKS (2)
Hill Samuel — Ottoman Bank

BUILDINGS (2)
Henderson (P. C.) — Higgs & Hill

CHEMICALS (2)
Cory (Horace) — Plysu

ELECTRICALS (1)
Thorpe (F. W.)

ENGINEERING (2)
A.P.V. — Bullough

FOODS (1)
Paterson Jenks

INDUSTRIALS (16)
AGA AB — Longton Ind
Attwoods — Macfarlane Group
Blundell-Permoglaze — Norcros
Cont. Group — P.H. Inds.
Eastern Produce — Restmor
Erskine House — Schlumberger
Ferguson Ind — Staffs. Potts.
LRC Int. — Do. 10pc Cnv.

INSURANCES (4)
Gen. Accident — Phoenix
G.R.E. — Sun Alliance

MOTORS (1)
Bramall (C. D.)

NEWSPAPERS (1)
Link House

PAPER (3)
Grunning Res. Vtg. — Saatchi & Saatchi
Harrison Cowley

TEXTILES (2)
Leeds Group — Snia Viscosa

TRUSTS (13)
Anglo-Int. Assets — TR Australia Tst
Cont. & Ind. — Wemyss
Derby Tst. Cap. — Hampton Trust
Eng. Nat. Inv. Pfd. — Merc. Comm. Mkt.
Lon. Prudential — Merc. Trans. Tst.
Meldrum — Newmarket
RIT & Northern

NEW LOWS (25)

BRITISH FUNDS (1)
Exch. 2½pc 1987

BUILDINGS (2)
AMEC — Brown & Jackson

ENGINEERING (6)
Braham Millar — Hall (M.)
Edbro — R.H.P.
Hall Eng. — Utd. Wire

FOODS (1)
Assoc. Fisheries

INDUSTRIALS (8)
AIM — Fenner (J. H.)
Anglo Nordic — Marshall (Loxley) A
Dyson (J. & J.) — Radiant Metal
Do. A — W'hampton Steam

LEISURE (1)
Campari

PAPER (3)
Olives Paper — Waddington (J.)
Smith (D.)

TRUSTS (1)
Antofagasta

OIL & GAS (2)
Anvil Pet. — Credo Pet.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

The Ortoli facility

More cheap EEC funds to be made available throughout the UK

BY TIM DICKSON

SOME £15m-£20m of cheap money for small and medium-sized companies in the UK will shortly be made available by the European Community.

Details of the funds—which have been earmarked undec the New Community Instrument (NCI) or the Ortoli focility as it is popularly known after the commissioner who pioneered it—are expected to be announced formally in London later this week. The funds will represent an important addition to Community financial facilities already provided for small and medium-sized businesses.

The NCI was introduced for the first time in 1978. It empowers the European Commission to borrow funds and deposit them with the European Investment Bank (EIB) which then lends them to investment projects conforming with the Community'e "priority objectives"—hitherto energy, industry and infrastructure.

The significance of the new UK scheme, which was first briefly outlined in Parliament before Christmas, is that small and medium-sized businesses bave now been recognised as a sectoc needing this special help. Tbus for the first time subsidised EEC finance will be on offer to small firms in, say, London and the Home Counties as well as in the Assisted Areas (where companies have to be located to qualify for existing EIB loans) and coal and eteel closure areas (where it is necessary to be based to receive European Coal and Steel Community aid).

Not every business, however, will be eligihle to apply foc the Ortoli facility.

Companies are likely to have to persuade the Department of Industry that the project for which the funds are earmarked would not have gone ahead without this assistance.

The £15m-£20m—which is an initial tranche—will he parcelled out by UK agents euch as some of the clearing banks and the Industrial and Commercial Finance Corporation. The toans will be availahle to firms with up to 500 employees for a fixed eight-year term and at a fixed rate of Interest. Loans will be made for half the cost of the fixed assets up to a maximum of £250,000.

As with the current EIB and ECSC toans, NCI funds should be cbeaper than normal commercial facilities because they come in a cocktail of currencies bearing a low interest rate. The Government, meanwhile, provides an exchange risk guarantee as insurance against currency fluctuations so that the borrower's repayment liability is fixed wholly in sterling. The cost (including the exchange risk cover premium) should be of the order of 11 per cent.

Ministers will no doubt hope that the Ortoli facility and the 1983 European Year of Small- and Medium-Sized Enterprises—launched at a conference in Brussels last week—will draw greater attention to Community schemes generally.

John MacGregor, the Industry Minister with special responsibility for small firms, said recently that he was "conscious that to a great many small businessmen the prospect of borrowing from European institutions is a daunting one."

It can also be time-consuming. Big companies have the administrative resources both tn find out what is available and to tailor their project to comply with the conditions. Small businesses, risk wasting precious management time if an application is unsuccessful.

Eurofi (UK), a private company wbich specialises in helping companies through the maze of Community assistance and which has produced a detailed Guide to European grants and loans, points ont that the major financial incentives nffered are outright grants from the European Regional Development Fund, training and employment grants from the European Social Fund and the soft loans from ECSC and the EIB.

In the past, explains Gay Scott, o director of Eurofi, the Regional fund has heen of little interest to the private eector since the UK Government, like most memher states, has simply pocketed the money as recompense for its own regional assistance.

"The current trend," she adds, "is towards a more flexihle approach and better access fnr small and medium sized businesses under the 'non-qnota' section—currently only 5 per cent of the fund'e total resources."

Social fund grants depend on a sizeable public sector contribution, which can be difficult to obtain in these times of constrained puhlic expenditure.

Public sector support, however, is not o prerequisite for the 20 or so individual researcb funds on the Community's books. In general they will make availahle 50 per cent of the finance projects for research projects in fields such as biotechnology, energy, information, technology, raw materials and textiles. The UK Government, however, has a strong say in which projects are funded so it is essential tn gain official support.

This leaves the loans from EIB and ECSC, which are being made more widely available hy means of "global" schemes with intermediaries euch as the clearing banks and ICFC. Interest ratee are fixed and perhape because of this the take-up recently by small firms has been disappointing. With interest rates generally no longer in "free fall" ECSC and EIB loans are beginning to look more attractive.

Interest on ECSC loans is currently fixed at around 11.5 per cent but an additional feature is a 3 per ceot per annum rebate of interest for the first five years from ECSC. Applicants have to be based roughly within a 10 to 15 mile radius of a coal or steel closure location and prove that they can provide jobs suitable for redundant coal and steel workers. The UK agents include ICFC, Barclays Bank, National Westminster Bank (which joined for the first time last week), the Co-operative Bank and the Scottish and Welsh Development Agencies. Most bave a £15,000 minimum and a £100,000 maximum but ICFC will go up to £1m. Loans are for eight years and are for up to half the fixed asset costs of o project.

EIB "global" loan agents meanwhile, include ICFC, Midland Bank, Clydesdale Bank and the Scottish and Welsh Development Agencies. The minimum is £15,000 with an upper limit usually of £100,000 though ICFC and Midland can go up to £2m. Businesses have to be located in the Assisted Areas, create or saleguard jobs in tourism or manufacturing industry. Interest is currently fixed at 11 per cent but unlika ECSC, there is no interest rate subsidy.

* *Aroiloble from Eurofi, 25 London Road, Newbury, Berks, RG13 1JL. Price (inc p + p) £11.50.*

The London office of the Commission of the European Communities publishes o less detailed guide, "Finonce from Europe." Availoble free from 20 Kensington Poloce Gordens, London W8 4QQ.

Secondment benefits enterprise trusts, says Tim Dickson, but . . .

The supply of people is drying up

THE devetopment of enterprise trusts — locally based ageocies set op to provide odvice and other support for small firms — could be held up by a shortage of big company secondees to run them.

This is the worrying message from Business in the Community, the organisation set up in 1981 to encourage big business to take a wider economic and social interest in locol communities.

"The indications are that the situation is deterioratiog rather than improving", comments Tooy Pelling of BIC.

Of the 85 enterprise ogencies established by the eod of tast year, three quarters ore managed by secondees from a narrow base of large companies—iocluding ICI, Rank Xerox, Marks and Spencer, Whitbreade and the clearing banks.

"The present growth of agencies, witb 50 to 60 at various slages of development and a possible target of 200 by the end of 1983, clearly shows that the problem is ocute," adds Pelling.

Many companies, he believes, are still ignorant of the value of secondees, not only as a meaos of increasing their community involvement but as o management training tool. "The secondee brings expertise and experience which the receiving organisation could not otherwise afford to buy in. He is giveo an opportunity to practise and test business skills in an alternative eovironment and to develop previously unused skills."

In an attempt to spread the secondment "gospel" more widely, BIC is organising a conference on the role of business in the community to be held in London on April 13. It will he chaired by Sir Alastair Pilkington and other speakers will include Sir Hector Laing and Len Peach of IBM. The organisers are particularly keen to attract chief executives and senior management. Further details from Business tn the Community, 91 Waterloo Road, London, SE1. Tel: 01-928 6423.

In brief . . .

THE Financial Times will he publishing a seven-page survey on "Pensions for the individual" this Saturday. It will discuss both executive and self-employed sebemes.

"TOURISM in Royal Berkshire"—a one day workshop on tourism ond catering—will be beld on February 7 at New Shire Hall, Shinfield Park, Reading, Berks. Speakers will include representatives from the Hotel, Catering and Training Board, the Thames and Chilterns Tourist Board, English Tourist Board and Lloyds Bank. The all-in cost is £10. Details from Ansel Harris, director of Berkshire Enterprise Agency. Tel: Reading (0734) 585715.

THE attractions of factoring — primarily a means of exchanging book debts for ready cash — was highlighted last week by the collective results of the nine members of the Association of British Factors. Factored turnover in 1982 was up 17 per cent at £2.36bn but more significantly the value of bad debts absorbed on behalf of clients doubled from £2.2m to £4.5m. Bad debt protection is normally part of the factor's service and is incorporated in the chorges. More details on factoring from the Secretary, ABF, 11th Floor, Moor House, London Wall, EC2Y 5HE. Tel: 01-638 4090.

THE Leicestershire Small Firms Centre hae just published a second edition of "Which Voice?"* — a guide to 11 organisations ranging from the Confederation of British Industry to the Alliance of Smaller Firms and Self-Employed People and the National Association of Shopkeepers.

* Available from the Leicestershire Small Firms Centre, 30 New Walk, Leicester. Price £1. Cheques payable to Leicestershire County Council.

Impressive response to world conference on policy

WHAT single feature is abared by the economies of the U.S. and Nepal, of Japan and Papua New Guinea, and of the UK and China? The answer is that the vast majority of manufacturing enterprises in each nation come into the category of "small and medium" sized.

This common element provided the basis last week for the staging in Japan of the world's first international conference on policy towards small enterprises (INCOSEP).

The conference, held in Osaka and sponsored by Japan's Ministry of International Trade and Industry, was attended by 26 country delegations (not counting observers) and by 10 Cabinet level ministers of industry or planning. It appears to bave been a major success — at least in terms of the amount of goodwill and the sense of shared interests and values generated.

When MITI planned the conference it expected to attract a positive response from five or six Cabinet ministers at most, but in the end nnly twn major countries—France and West Germany—declined, thongh Germany did send observers. The UK delegation was led by Patrick Jenkin, the Industry Minister, who took the opportunity to bave a lengthy session discussing bilateral economic problems with the Japanese MITI minister.

> ❛ Promising link-ups were created despite the extreme diversity of small company sectors ❜

Speeches by INCOSEP delegations nearly all stressed the immense importance of the small company sector in each country's economy (in the case of Japan 99 pec cent of all private companies are "small and medium" while over 50 per cent of the manufacturing workforce is employed in this sector).

The image of each country's small business sector varied enormously. A speech by the Nepal Minister of Industry, Commerce and Supplies, Balaram Gharti Magar, treated small companies almost entirely in terms of traditional cottage industries and related the country's gratitude at receiving Japanese assistance for the upgrading of traditional paper-making.

In contrast the U.S. delegate described his government's $30bn a year programme for channelling official procurement contracts to the small company sector.

The British delegate told the conference that one in three existing jobs and two out of three new jobs io the UK were io the small company sector and claimed that since the advent of the Thatcher Government more than 100 new measures bad been introduced to aid small companies.

The extreme diversity of the small company sector in the 26 countries represeoted at INCOSEP may have limited the amount of cross fertilisatioo that resulted from the cooference, but there do appear to have been some promising link-ups. At the end of day one, the Thai Ministry of Industry, General Chatichai Choonhavan, revealed that Japan bad agreed to send a team of experts to Thailand to study the possibility of introducing the Japanese subcontracting system into Thai industry.

A parallel event to INCOSEP, organised in a neighbouring botel by the Osaka Chamber of Commerce, was an international convention of small company presidents. At the convention businessmen from several dozen nations, mainly in east Asia, met over a four-day period to discuss joint ventures ond technical ties.

The INCOSEP conference probably helped to inject some much needed warmth into Japan's relations wilb its trading partners—only the U.S. delegation raised the subject of trade frictions during the conference itself and theo only in a very general manner.

Charles Smith

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TECHNOLOGY

EDITED BY ALAN CANE

WORD PROCESSORS NOT THE FASTEST GROWING MARKET

An accolade for typewriters

BY GEOFFREY CHARLISH

THE FACT that Keith Wharton's latest revue of word processing lists an astonishing 120 models of screen based systems from 26 manufacturers somewhat disguises the fact that this is not the fastest growing segment of the market at all.

The accolade goes to the more thinly populated electronic typewriter industry, the market base of which has risen from 50,000 in 1980 to about 200,000 last year and is likely to reach about 400,000 in 1984.

Screen based (CRT) word processors on the other hand will manage to rise from about 30,000 to perhaps 50,000 over the same four years.

However, even the electronic typewriter has a long way to go because a report late last year from MIL Research stated that there are about 650,000 UK companies with ordinary typewriters while another 780,000 do not even have a machine of any kind.

In any event, as the Wharton report points out: "From nothing in 1978, expenditure on electronic typewriters now represents 33 per cent of the total spent on word processing equipment."

Who is winning all this business? If KW's figures are to be believed, it is certainly not IBM—which is rather surprising in view of IBM's considerable success over the years with electric (golf ball) machines. Indeed, one explanation may be that IBM is stuck with its own installed base of such machines.

There are a modest dozen or so companies with electronic typewriter offerings; Olivetti comes out on top with 39 per cent of the 1982 European shipments, followed by Olympia with 34 per cent and Triumph Adler with 17. The Japanese, who have appeared more recently (1981), have taken 5 per cent, while "American suppliers" are listed at a mere 1 per cent.

The significant point about electronic typewriters is that they can be made more cheaply and at about three times the speed of electromechanical machines. As initial design and automation costs are recouped says the report, prices will drop at least until 1985.

Users

Wharton Publishing's figures are likely to be accurate—the company has been looking at the word processing industry since 1974 and claims to be the only organisation scanning the European office automation environment continuously. The database covers 10 countries.

In the screen-based market Wang has 22 per cent of the European 1982 shipments while Philips and IBM tie for second place with 19 per cent each. Rank Xerox secured 15 per cent, AES 14 per cent, while the remaining 11 per cent is shared by the other 21 suppliers.

Britain, frequently accused of not deploying new technology, is the second largest user of WP in Europe, with 22 per cent of the installations. Only West Germany with 31 per cent has more. France is next with 17 per cent.

Anyone thinking about installing word processing could do a lot worse than acquire a copy of the report, which is entitled "The International Office Automation Guide 1983: Vol 1, Text Processing Equipment." Apart from reviewing the market, this new report, which is very modestly priced at £30, provides detailed listings of electronic typewriters, text editors, additional WP software available, management workstations, phototypesetters and dictation equipment.

The report quite rightly pays a good deal of attention to the correct choice of equipment—a minefield for the uninitiated, and by no means simple for the well-informed. What it says, in essence, is to avoid rushing into anything and to "learn everything there is to learn about the typing in the organisation."

Apart from more obvious data such as the amount of work involved, there are other aspects such as the level of revision necessary in the organisation's documents and the extent to which standard parts of a document are repeated. So the requirements of say, a mail order company, where a small percentage of non-standard text (names, addresses etc) is going into large numbers of otherwise standard letters, will differ from those of say, a handbook compiler, where fast and convenient text revision is the key need.

All this and more should be incorporated into a "benchmark" (acceptance standard), based on a close study of the nature of the work. Hints are given on how to size the installation and on how to arrive at a shortlist of suppliers (in which financial standing, durability, service facilities and the training offered will have played a part).

For benchmarking, each supplier should be asked to demonstrate his machine's performance, taking care to specify exactly the same documents and exactly the same amount of processing in each case.

It is then possible, says the report, to use a weighted comparison system in which performance of various aspects, duly weighted, are scored for the various companies on the short list.

Equipment choice is hardly the end of the story of course. There are such matters as annual maintenance charges and the provision of supplies such as paper and ribbons to keep the machines in action. An extreme case is quoted of single strike carbon ribbons for printers. They can cost up to £6 each, so that for heavy users, costs of £2,000 to £3,000 annually might result.

Paper, too, might quite easily be used at a rate greater than that for conventional typewriters because some printers waste surprising amounts, either due to design or to the way they are used. It should also be borne in mind that of the service calls to WP installations, some 50 per cent relate to printers.

Problems

All these hurdles have to be jumped, but there is one remaining — implementation. The report says: The most difficult thing in designing any word processing system is not the selection of the right equipment. It is getting the co-operation of people."

The problems can range from remembering, for example, that a four screen shared system can easily emit 3kW into an otherwise well heated room, to dealing with the unions involved and keeping the management informed.

"If you omit to educate the management," says Wharton, "they will be quite capable of sabotaging the system."

PRINT ECONOMICS 'REVOLUTION'

Electronic publishing on demand

ACCORDING TO Mr Don Wilson, the managing director of Rank Xerox (UK), some graphics and laser printing equipment that his company is now producing "will cause a total revolution in the economics of the publishing industry."

It will come about claims Mr Wilson, via electronic publishing or "publishing on demand." He believes this is because such systems can produce, very quickly, short or long run publications at the moment they are needed, as opposed to the conventional methods of typesetting, manual make-up, plates, off-set printing and so on.

The conventional methods, he claims, result in long runs for stock in order to achieve economy. Frequently, too many are printed and thrown away, he claims.

The new Rank Xerox graphics system merges scanned line artwork and photographs, or computer generated graphics, with the text and then prints complete publications on a Xerox 9700 or 8700 laser/xerographic printer.

The system will accept artwork in two ways. It can be placed on the platen of the model 150 input station where it is optically scanned, digitised, and transmitted to the printing station via an Ethernet cable.

In the printer the graphics are merged with text. Alternatively, images already in a computer in digital form can be moved to the printer via magnetic tape or over an IBM channel. More on 0895 51133.

PERSONAL COMPUTER SOFTWARE

IBM launch opens floodgates

BY ALAN CANE

AS PREDICTED, IBM's launch of its personal computer (the PC) has opened the floodgates to a deluge of software written to run on it.

Among the first packages are:

● A version of CP/M 86, Digital Research's 16-bit equivalent of the industry standard 8-bit operating system CP/M selling for only £42. IBM offers two operating systems on the PC-PC/DOS from Microsoft priced at about $50 and CP/M 86 priced around $240. So Digital is undercutting IBM on its own product by some 75 per cent.

Gary Kildall, Digital Research President says: "We believe the low-cost computer market holds tremendous potential. This announcement is a natural step in our strategy to make high quality software products widely available through retail channels by pricing them within the reach of the consumers."

● Digital also announced a new software product DR LOGO which is designed to make computers more accessible to the layman. It has also announced an interpreter for DR LOGO to run on the PC. DR LOGO is claimed to be simple to learn and use yet powerful enough to perform advanced applications programming.

Digital Research will give more details on 0635 35304.

● Peachtree Software, a subsidiary of the major U.S. software house, Management Sciences America (MSA) which has been developing software for the PC under licence from IBM, announces accounting packages and a number of office productivity tools including a spelling proof reader, list manager, financial modeller and colour graphics.

A suit of Business Management Systems written in Micro-Focus Cobol is expected once IBM has increased disc capacity on the PC.

● Appropriate Technology has a system called Arabstar which is both PC/Dos and CP/M-86 compatible and which allows bilingual word processing on the PC. According to the company Arabstar is designed to be easy to learn for non-experienced users. Arabic and English text can be mixed on the same line or side by side on the screen divided into two halves.

Ali Baghdadi, managing director of Appropriate Technology said: "We have received a firm order for 250 systems with the prospect of 1,000 more in Saudi Arabia alone."

Appropriate Technology (Ant—) is on 01-625 5575.

NETWORKING

Unit for use over same coaxial cable

MESH DATA of Peterborough has developed an electronic unit that will allow both an IBM 3278 terminal and broadband network equipment to be used over the same coaxial cable.

The development is based on the observation that many IBM users already have installed large "star" networks of RG 62 coaxial cable with cable runs to each terminal. With the new unit these users will be able to create broadband networks without recabling.

The IBM signals down the cables are of the "baseband" variety, so that only about 2 per cent of the inherent bandwidth (data capacity) of the cable is used.

Mesh Data's unit is essentially a filter that separates the high frequency broadband signals from the lower frequency baseband data. Then, says the company, complete broadband networks such as Sytek Localnet and the 3M Interactive system can be implemented without new cables. More on 0733 314491.

Communications

Japanese reports

A BRITISH company specialising in communications with Japan has concluded that the Japanese do not provide enough high quality data in English for us to evaluate effectively what they are up to.

The company, Mitaka, is therefore, setting up Japanscan, described as "a new and unique service which will keep British companies in touch with Japanese research and trade strategies. The first three report titles, to be launched on March 1 will cover pharmaceuticals, bioscience and biotechnology, and food science and the food industry.

Ian Gow, research director of Mitaka, believes that the west must systematically monitor Japanese science and industry. "Not to do so could have dire consequences for western industry," he claims.

The company seems to have the right kind of staff. Clive Smith, for example, managing director, went to university in Tokyo to learn Japanese (in an area called Mitaka). His wife is Japanese, and the company has developed from what was originally a translation service.

One idea that Smith and his staff are anxious to dispel is that all the best Japanese research is in any case published in English. They believe that this is a sweeping generalisation and is effectively preventing important knowledge reaching Europe. More on 0926 311126.

Microcomputer

Chip-size package

HIGH Integrity Systems, a small UK company based in Sawbridgeworth, Hertfordshire, has built a board level microcomputer around the remarkable iAPX chip set announced last year by Intel, the leading U.S. microelectronics company.

The iAPX is a set of chips which provides 32-bit processing power—the U.S. company describes it as a micromainframe offering the power levels associated with large minicomputers in a chip-sized package.

The High Integrity Systems implementation, the HIS 432, involves two printed circuit boards, one carrying the processor complex, the other the memory and input/output circuitry.

These two boards are a fully operational iAPX computer. According to High Integrity Systems, the computer will be of interest to organisations developing systems running under "Ada," the U.S. Department of Defense real-time language.

High Integrity can supply HIS 432 boards together with Intel's Ada compiler and run-time operating software.

A single entry level system costs £66,600 — the largest configuration costs £18,700.

Amplifiers

New RCA series

RCA has developed a new series of operational amplifiers which provide the advantages of metal oxide on silicon (MOS) and bipolar transistors on a single monolithic chip.

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More from RCA on 09327 85511.

Modems

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STEEBEK Systems of Reading has announced modems covering 300 bit per second, 1,200 bit per second and viewdata applications costing under £200.

The devices can be supplied as stand alone boxes or as rack mount cards and conform to either V21 or V23 CCITT standards and are approved for use by British Telecom.

Auto-answer and auto-dial is available on all models. Steebek is on 07357 4319.

INTERNATIONAL CAPITAL MARKETS

Eurobond prices sharply lower

By Peter Montagnon in London

THE EUROBOND market suffered a serious attack of nerves yesterday, as rising short-term interest rates and a heavy burden of unsold paper forced prices of dollar Eurobonds down by as much as three points in some cases.

There was little sign of the confidence of two weeks ago which saw a record $3bn of new issues launched in a single week. Instead the market was dominated by worries over the short-term trend of interest rates in the wake of a strong increase in U.S. money supply, the failure of the U.S. Federal Reserve to cut its discount rate and a warning from Mr Paul Volcker, the Fed chairman, that there is little room at present for a further fall in interest rates.

Hardest hit yesterday were the newest issues, many of which were priced aggressively on the assumption that interest rates would fall. Now, new issue managers are having to lower their quotes in an effort to tempt back would-be buyers.

As a result, discounts of around five points on issue price were not uncommon yesterday with the 9½ per cent McDonalds' bonds trading, for example, at 95½, for a discount of 4½ points on the issue price of par.

But prices of older issues also fell by around a point yesterday, as six-month Eurodollar deposits rose by around ⅛ point to 9⅛ per cent. Some bankers suggested that continental investors had been selling dollar bonds to take currency profits. The dollar was much stronger yesterday at DM 2.4870 and SwFr 2.0275.

Price falls of dollar Eurobonds had, however, been expected in a market that had become saturated with new paper. Several bankers said a breathing space in the primary market could quickly help bond dealers to establish a new trading range, while others took consolation in the fact that the New York bond market steadied quickly yesterday after a sharply lower start.

Continental bond markets were also marked down with Swiss Franc issues shedding about ⅛ points and D-Mark issues arond ⅛. Besides the weakness of the D-Mark, the German market is also suffering from pre-election jitters, and yesterday saw terms having to be revised on the DM 200m, 10-year issue for Caisse Nationale des Telecommunications, led by WestLB. The coupon has been raised by ⅛ point to 7⅞ per cent and issue price set at par instead of 99½.

Separately, Mitsui OSK Lines is raising DM 100m through a five-year bond, with an indicated coupon of 7⅞ per cent led by Commerzbank.

In other new issue news, American Express International Banking Corp is raising SwFr 100m through a 10-year bond with an indicated coupon of around 4¾ per cent, led by Soditic. The European Coal and Steel Community is raising FL 100m through a 7¾ per cent, 15-year issue led by Amro Bank which will be priced later.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for January 24.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 85/87	150	108¾	109¼	-1¼	-1⅜	11.41
Amex O/S Fin 14¼ 89	75	108⅝	109⅛	-0⅝	-1	12.11
Amro Bank 13 89	200	105⅛	105⅝	-0¾	-0⅞	11.78
BHP Finance 14¾ 89	150	105	105½	-2⅜	-2⅝	13.42
Bk Montreal 14½ 87	100	107½	108	-0⅝	-1	12.85
British Col Hyd 14¾ 89	200	110	110½	-1½	-1¾	12.27
British Col Hyd 15¼ 92	150	114	114½	-1⅛	-2⅜	12.65
Canada 14⅜ 87	750	108¼	108¾	-0⅞	-1⅛	11.45
Canadair Ltd 12⅛ 89	175	104	104½	-0¾	-1⅜	11.54
Canadian Wheat 11¼ 90	50	98	98½	-0⅝	-1⅛	11.59
Can Pac Ltd 14⅜ 92	75	108¼	108¾	-0⅞	-0⅞	12.97
Can Pac Sec 15 89	75	108	108½	0	+0⅜	13.00
Citicorp O/S 15 84/92	100	104⅛	104⅝	-0¾	-1¼	10.87
Coca Cola Int 11¾ 89	100	106	106½	-0⅛	-0⅞	10.38
Credit Suisse 10½ 89	100	99⅛	99¾	-1⅛	-2	10.68
Deutsche Bk Fin 14¼ 89	300	105¼	105¾	-0⅞	-0⅞	12.83
Du Pont 11¼ 95	150	99⅛	99⅝	-0½	-1⅞	11.35
Du Pont 14⅛ 89 WW	200	106⅞	107⅜	-0¾	-0⅝	12.43
E.O.C. 10¾ 88	100	98½	99	-0⅞	-0⅞	11.09
E.D.F. 12¾ 87	150	102⅜	102⅞	-1	-1⅛	11.96
E.E.C. 11½ 86	200	96⅝	97⅛	-0½	-1⅛	11.96
E.I.B. 15½ 92	100	110⅜	110⅞	-1⅜	-2⅜	13.41
Exportfinans 14½ 89	50	106⅝	106⅞	-0⅛	-1⅛	12.86
Exp Dev Corp 11¾ 01	100	101⅛	101¾	-0⅝	-1⅛	11.29
Forsmarks 13⅝ 92	75	102⅝	103⅛	-0⅝	-1½	13.17
Gaz de France 12¼ 93	175	18⅝	19⅛	-1⅛	-2	12.42
Gen Elec Credit 12 89	100	109	109⅝	-1⅛	-1⅞	10.83
Getty Oil Int 14 89	125	106⅝	107⅛	-2	-2⅝	12.38
GMAC O/S Fin 15 07	100	108	108½	-0⅞	-1⅛	12.35
GMAC O/S Fin 15 88	125	110⅛	110⅝	-0½	-0⅝	12.48
Gulf Oil Fin 12¼ 87	100	104¼	104¾	-0⅝	-1¼	10.93
IBM World Trade 12⅛ 92	200	109⅝	110⅛	-0¼	-0¼	10.55
Lloyds Euro 11½ 94	100	18½	19	-1⅜	-2	12.53
Manitoba Prov 11¾ 89	125	102⅝	103⅛	-1⅜	-2¼	11.11
Manitoba Prov 13¾ 88	100	108½	109	-1⅜	-1⅜	11.75
Midland Int Fin 11½ 92	150	98⅜	98⅞	-1⅛	-1⅛	11.73
Nat West Fin 11¾ 92	150	100¼	100¾	-0⅝	-0⅝	11.64
New Brunswick 15⅛ 87	75	110⅝	111⅛	-0¾	-1⅛	11.90
Newfoundland 15½ 98	75	110	110½	-1¼	-2	13.22
Nova Scotia Prv 15¾ 89	75	112⅞	113⅜	-1⅜	-2	12.77
Ontario Hydro 11¼ 88	200	100⅝	101⅛	–	–	11.06
Ontario Hydro 12⅜ 92	200	104⅜	104⅞	-1⅞	-2⅞	11.90
Ontario Hydro 15 92	150	115⅛	115⅝	-0⅞	-1⅜	12.15
Prudential O/S 12⅜ 87	150	105¼	105¾	-0½	-0⅞	11.16
Quebec Hydro 11½ 92 D	100	97¼	97¾	-0⅝	-1⅜	11.93
R. J. Reynolds 12⅜ 89	100	105⅛	105⅝	-0¼	-0⅞	11.52
Saskatchewan Prov 15 92	150	113	113½	-1⅛	-2⅛	12.51
Shell Canada 14⅜ 92	125	106¾	107¼	-0⅝	-1⅜	13.00
Superior O/S Fin 14 89	135	106½	107	-0½	-1	12.36
Swed Exp Credit 14⅜ 90	100	106⅝	107⅛	-0⅝	-1⅛	13.18
Swiss Bk Corp 10⅛ 90	125	97½	98	-1⅜	-1⅜	10.72
U.B.O. 10⅜ 87	200	100½	101	-2⅛	-2⅜	10.52
U.B.S. 11 89	150	101	101½	-2½	-2⅜	10.71
Walt Disney Pro 12⅛ 89	75	103⅜	104	-1⅜	-2	11.58
World Bank 10⅞ 90	200	97	97½	-1⅜	-1⅜	11.47
World Bank 11¼ 88	100	98⅛	98⅝	-2⅛	-2⅜	11.65
World Bank 13⅛ 07	300	105	105½	-1⅜	-2⅜	11.89

Av. price changes: on day -1, on week -1⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 8¼ 92	80	100	100½	-0⅞	-1⅞	8.21
Asian Dev Bank 8¼ 92	150	99¼	99¾	-0½	-1⅞	8.34
Asian Dev Bank 8⅛ 92 (AG)	150	103½	104¼	-0⅛	-1½	8.62
Australia 7⅜ 92	200	101½	102	-1⅞	-2⅜	7.48
Bayer Capital 7⅝ 89	150	99⅝	100⅛	-0⅛	-1⅞	7.64
Beecham Fin 8⅛ 92	125	100¼	100¾	-0⅛	-1⅜	8.04
Black & Decker 8⅛ 89	100	103⅜	104¼	-0⅝	-1⅛	8.30
Caisse Nat Tele 8 93	100	98⅞	99⅜	--	--	8.13
E.C.S.C. 7⅛ 93	150	97⅜	98⅛	-	-	7.79
E.C.S.C. 8 94	200	100⅛	100⅝	-0½	-1⅛	7.94
E.E.C. 8 94	200	100	100½	-0⅝	-1⅛	7.96
E.I.B. 8¼ 92	200	100½	101	-0⅞	-2¼	8.12
GKN 8⅜ 89	100	97⅜	98⅜	0	-0⅞	8.72
Gould Int Fin 9⅛ 89	75	100⅝	101⅛	-0⅝	-1⅛	8.87
Ireland 8⅝ 91	150	98⅝	99⅛	-0⅛	-0½	9.08
ITT Antilles 8⅛ 92	100	106¼	107	-0⅝	-1⅛	8.21
McDonalds Fin 7½ 92	100	99½	99⅞	-0⅝	-0⅝	7.21
Mitsubishi Heavy 7⅝ 87	150	99⅝	100⅛	-0¼	-0⅞	7.85
Norsk Hydro 8 92	100	104⅝	105⅛	-0⅝	-1⅛	8.21
O.K.B. 8⅜ 89	100	102⅝	103⅛	-0⅝	-2⅜	8.26
Philips Lamps 8½ 92	100	106⅝	107⅛	+0½	+0⅛	7.43
Sweden Kingdom 8¼ 89	150	99⅝	100⅛	-1⅜	-2⅜	8.29
World Bank 8⅛ 92	200	100⅞	101⅜	-0⅝	-1⅞	8.07
World Bank 9 92	200	104¼	104⅞	-0⅝	-2	8.29

Av. price changes: on day -⅝, on week -1⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
B.F.C.E. 6¼ 92	100	103⅛	103⅝	0	+0⅜	5.80
Bowater In Fin 6 92	100	103½	103⅞	-0¼	0	5.51
Chugoku Ele pow 6⅛ 91	100	103½	103⅞	-0¼	+0½	5.81
City of Oslo 6⅛ 92	100	105	105½	-0⅝	+0½	5.65
E.E.C. 6⅛ 92	100	104⅛	104⅝	0	-0⅛	5.67
E.I.B. 6⅛ 92	100	103⅜	103⅞	-0⅛	+0⅛	5.73
Europarat 6⅜ 92	100	104⅛	104⅝	0	+0⅜	6.10
First Interstate 6 92	100	103⅜	103⅞	0	+0⅜	5.50
Gaz de France 6 92	100	102⅞	103⅜	-0⅜	+0⅞	5.60
Japan Air Lines 6 94	100	104⅜	105⅛	0	+0⅛	5.41
Japan Dev Bk 5⅛ 92	100	101⅛	101⅝	-0⅛	-0⅝	5.00
Kawasaki Steel 6½ 92	100	103⅜	103⅞	-0½	-0⅛	6.01
KLM Dutch Air 6⅛ 92	80	104⅛	104⅝	-0½	+0⅝	5.67
Kyushu Elec Power 6 92	100	102⅛	102⅝	0	+0⅛	5.69
Montreal Urban 6½ 92	100	105⅝	105⅞	0	-0⅛	5.71
New Zealand 5⅛ 92	100	102⅛	102⅝	-0⅛	-0⅛	4.92
Nisshin Steel Co 6⅝ 92	100	103⅝	103⅞	0	+1⅛	5.90
O.K.B. 6⅜ 92	80	101¼	101⅝	-0½	+0⅝	6.64
Philip Morris 5⅛ 92	100	103⅜	103⅞	-0½	-0⅛	4.76
Philips Lamps 5¾ 92	100	104½	104⅞	-0⅛	0	5.13
Quebec 5⅜ 92	100	102⅞	104⅛	+0⅛	+0⅝	5.22
Sweden Kingdom 5⅜ 92	100	101⅛	101⅝	-0⅛	+1⅛	5.64
Tokyo Elec Power 5⅝ 92	100	102⅝	103⅛	-0⅛	-0⅛	5.47
Tokyo Metropolis 5⅜ 92	100	101⅛	101⅝	0	+0⅛	6.14
World Bank 5⅛ 93	100	101⅝	101⅞	-	-	5.27
World Bank 6¼ 92	100	105⅝	106	+0⅝	+2⅛	5.46

Av. price changes: on day -⅛, on week +⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅜ 92	75	106	107	-1	-1⅜	7.84
E.I.B. 8⅛ 92	15	103⅜	104⅝	-0⅞	-1⅛	7.81
Japan Airlines 7⅝ 87	8†	100	100½	-1⅜	-2⅛	7.29

New Zealand 8⅛ 87	15†	105⅝	106⅛	-0⅝	-1⅝	8.79
World Bank 8⅜ 92	20†	105	106	-0⅛	-1	7.52

Av. price changes: on day -¾, on week -1½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit Col Tel 17⅛ 88 C$	50†	113½	114	0	0	13.52
Can Utilities 17 87 C$	35†	114	115	0	+0½	12.58
Gaz de France 15 89 C$	75†	107	107½	-0½	-0½	13.28
Gaz Metro 14½ 92 C$	40†	105	105½	-	-	13.48
O.K.B. 16¼ 88 C$	63†	114	114½	-0⅝	+1½	12.41
Quebec Hydro 14 92 C$	60†	107	107½	-0½	-0⅝	12.85
Univ Quebec 16⅝ 01 C$	17†	106	106½	0	0	14.53
Ireland 12⅜ 90 Ecu	30	100⅛	101⅛	-	-	12.01
Thom Brand 12⅛ 87 Ecu	40	100⅝	101⅛	-	-	12.31
Amlas 9½ 87 Fl	80	104⅝	105⅛	-0⅝	-1⅛	8.23
Amro Bank 9⅛ 87 Fl	100	106⅛	106⅝	-0⅝	-1⅛	7.84
Neder Middbk 9¼ 87 Fl	100	104⅛	104⅝	-0⅞	-2⅜	8.12
Nedlloyd Grp 10¼ 87 Fl	75	105¼	105¾	-0⅞	-2⅛	8.78
Van Lanschot 10¼ 87 Fl	50	108½	109	-0½	-0½	7.94
World Bank 10 87 Fl	100	107⅛	107⅝	-1½	-1⅞	8.08
O.K.B. 14 86 FF	400	98	99	+0½	+0¼	14.62
Solvay & Cie 14⅜ 86 FF	200	96⅞	97⅞	-0⅛	-0⅝	15.82
O.F.C.E. 14½ 87 £	30	104⅛	105⅛	-0⅝	-0⅛	12.85
C.E.C.A. 13⅛ 88 £	20	100½	101⅛	-0⅝	-0⅝	13.28
C.N.T. 12⅛ 89 £	20	97½	98½	-0½	0⅝	12.83
Fin For Ind 12¾ 88 £	30	99½	100½	-0½	0	12.21
Fin Mat Oranj 12⅝ 92 £	30	21⅛	22⅛	-1¼	-1⅜	13.26
Gen Elec Co 12½ 89 £	50	101⅞	103⅛	-0⅛	0	11.88
Hiram Walker 14¼ 86 £	25	104	105¼	-0⅛	-0⅛	12.37
Mort Bk Fin 11⅝ 88 £	15	22⅛	23⅛	-0⅞	-1	13.57
Norsk Hydro 12 90 £	30	25⅝	26⅝	-	-	13.16
Norsk Hydro 14½ 07 £	30	104⅜	105⅜	-0⅝	-0⅝	12.92
Quebec 14⅛ 89 £	30	102	103	-0¼	-0⅜	13.04
Quebec 15½ 87 £	35	106½	107⅝	-0⅛	-0⅛	13.17
S.D.R. France 15⅛ 92 £	30	103	104	-0¼	-0⅝	14.75
S.N.C.F. 11½ 89 £	30	16⅝	17⅛	-1¼	-1¾	13.48
Tenneco Int 14⅜ 87 £	30	104¼	105¼	+0⅛	+0⅜	13.18
World Bank 11⅝ 81 £	75	22¼	23¼	-0⅜	-1⅛	12.92
Eurofima 10¼ 87 LuxFr	500	99¾	100⅞	+0¼	+0¼	10.37
Europarat 12½ 92 LuxFr	500	104⅜	105⅜	-0¼	-0½	11.60

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Allied Irish 5¼ 92	0¼	97⅞	98⅛	15/4	10⅝	10.86
Bank of Tokyo 5⅛ 91 (D)	0⅛	99⅝	100⅛	10/6	9⅝	9.75
Bank Nova Scotia 5¼ 93	0⅛	99⅜	99⅞	25/4	10⅛	10.54
O.F.C.E. 5¼ 88	0¼	98⅝	99⅛	28/1	5⅛	5.30
B.F.C.E. 5¼ 87	0⅛	99⅛	99⅝	27/1	14	14.05
Caisse Nat Tele 5⅛ 00	0⅛	99	99⅜	21/4	10.56	10.64
C.C.C.E. 5¼ 2002	0⅜	98	98½	11/3	9⅝	10.05
Copme 5⅛ 92	0⅛	99½	100	10/6	9.94	9.94
Chemical NY 5⅛ 94 ††	0¼	99⅞	100⅜	23/3	9.94	9.93
Credit Agricole 5⅛ 97	0⅛	99⅝	99⅞	24/3	12⅞	12.92
Credit du Nord 5⅛ 92	0⅛	98⅞	99⅜	23/6	10⅛	10.21
Credit Lyonnais 5¼ 97	0⅛	99¼	99¾	1/4	12.10	12.25
Credit Lyonnais 5¼ 94	0¼	99	99½	5/7	9⅝	9.82
Credit Nat 5¼ 94 ††	0⅛	99⅛	99⅝	9/3	12.19	12.26
Kansallis Osake 5½ 92	0¼	99½	100	8/5	10.08	10.09
Lloyds Eurofin 5⅛ 93 §	0⅛	99⅞	100⅜	28/4	10.56	10.55
Long Term Cred 5¼ 92	0⅛	99⅝	100⅛	27/5	10⅛	10.14
J.P. Morgan 5¼ 97 §	0⅛	99⅞	100⅜	14/2	10.06	10.05
Nat West Fin 5¼ 91 §	0⅛	99⅝	100⅛	15/7	9⅛	9.25
New Zealand 5⅛ 87	0⅛	100½	100⅞	7/4	12⅛	12.45
NZ Steel Dev 5⅛ 92	0⅛	99⅝	100⅛	22/6	10.10	10.20
Nippon Credit 5¼ 90	0⅛	99⅝	100⅛	10/2	13⅞	13.88
Offshore Mining 5¼ 91	0⅛	99⅝	100⅛	2/6	10.44	10.44
Scotland Int 5¼ 92	0⅛	99⅝	100⅛	23/3	13⅛	13.25
Sec Pacific 5¼ 91	0⅛	99⅝	100⅛	24/5	10.06	10.08
Societe Generale 5⅛ 89	0⅛	99⅝	99⅞	1/3	12.81	12.86
Standard Chart 5⅛ 91	0⅛	99½	100⅛	19/5	10.69	10.70
Sweden 5⅛ 89	0⅛	98⅝	99½	26/2	11.81	11.92

Av. price changes: on day -⅛, on week -⅛

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	85½	87	-1⅞	1.82
Bridgestone Tire 5½ 96	3/82	470	92⅝	93⅞	-2	2.93
Canon 7 97	1/82	748.2	148⅞	150⅝	-15⅛	-4.46
Fujitsu Fanuc 4½ 98	10/81	5014	95	97	-1⅜	22.83
Hitachi Cable 5⅛ 98	2/82	515	90⅛	88⅞	-6⅛	-4.82
Hitachi Credit Corp 5 98	7/81	1012	85⅛	87⅛	-3⅞	21.01
Honda Motor 5½ 97	3/82	836.6	111⅞	113⅛	-6	-0.95
Kawasaki 5⅜ 98	8/81	229	66½	67⅜	-2½	10.50
Kumagai Gumi 6½ 97	10/82	480	104⅛	105⅛	-4⅛	-0.72
Kyowa Hakko 6⅛ 97	2/83	762	98⅝	99⅞	-	12.54
Marui 6 96	7/81	846.4	112⅞	113½	-0⅝	2.46
Minolta Camera 5 98	10/81	826.4	86⅝	88⅛	-2⅜	28.82
Minorco 6¼ 97 † *	5/82	8.18	148½	150½	-1½	2.36
Murata 5⅛ 98	7/81	1071	83	84¼	-0¾	14.75
NKK 6½ 96	7/81	188	77⅝	78⅞	-2½	23.18
Nippon Electric 5¼ 97	2/82	884.2	108⅞	109⅝	-5⅛	1.33
Olympus Optical 6⅛ 97	12/82	1331	94⅛	95⅛	-6	5.70
Orient Finance 5⅛ 97	3/82	1205	87⅛	88⅞	-7⅞	-12.72
Sanyo Electric 5 96 †	10/81	652	78⅛	79⅜	-3½	21.24
Sumitomo Electric 5½ 97	3/82	677.3	93⅞	94⅝	-3⅝	7.90
Sumitomo Metal 5½ 96	10/81	296.1	69⅞	70⅞	-2⅛	30.80
Olympus Opt 4½ 92 SF	12/82	1331	106⅞	108⅞	0	28.34
Konishiroku 6⅛ 88 DM	8/82	810	110¼	111⅛	-0½	6.84
Mitsubishi Heavy 6 89 DM	2/82	263	100⅝	101⅝	-3⅛	4.70
Sun Realty 8⅛ 92 DM	2/83	365	106½	107½	-1⅞	1.74

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

North American Quarterly Results

AMFAC — Fourth quarter	1982 $	1981 $
Revenue	588.7m	536.9m
Net profits	17.9m	7.7m
Net per share	1.14	0.51
Year		
Revenue	2.21bn	2.15bn
Net profits	34.2m	41.9m
Net per share	2.19	2.78

AMSTAR — Second quarter	1982-83 $	1981-82 $
Revenue	315.8m	358.8m
Net profits	6m	11.9m
Net per share	0.83	1.29
Six months		
Revenue	814.8m	813.7m
Net profits	7.8m	37.5m
Net per share	0.80	4.09

BURLINGTON INDUS — First quarter	1982-83 $	1981-82 $
Revenue	641.1m	741.8m
Net profits	5.8m	17.5m
Net per share	0.20	0.62

COMMONWEALTH EDISON — Fourth quarter	1982 $	1981 $
Revenue	938.5m	904.1m
Net profits	132.3m	100.8m
Net per share	0.78	0.42
Year		
Revenue	4.13bn	3.74bn
Net profits	606.7m	449.9m
Net per share	3.75	3.06

DUKE POWER — Fourth quarter	1982 $	1981 $
Revenue	540.9m	484.8m
Net profits	71.1m	79.6m
Net per share	0.58	0.74
Year		
Revenue	2.24bn	1.9bn
Net profits	349.9m	336.3m
Net per share	3.07	3.19

EASTERN GAS — Fourth quarter	1982 $	1981 $
Revenue	310.6m	342.1m
Net profits	20.5m	24.9m
Net per share	0.90	1.10
Year		
Revenue	1.33bn	1.19bn
Net profits	66.1m	60.1m
Net per share	2.91	2.65

EMHART — Fourth quarter	1982 $	1981 $
Revenue	401m	460m
Net profits	24m	28m
Net per share	1.95	2.02

EX-CELL-O — Fourth quarter	1982 $	1981 $
Revenue	238.2m	277.1m
Net profits	10.1m	16.1m
Net per share	0.70	1.05
Year		
Revenue	1.03bn	1.1bn
Net profits	48.2m	56.4m
Net per share	3.26	3.86

HILTON HOTELS — Fourth quarter	1982 $	1981 $
Revenue	152m	157m
Net profits	18.6m	29.3m
Net per share	0.70	1.10
Year		
Revenue	620.5m	612.7m
Net profits	83.4m	112.6m
Net per share	3.12	4.22

INLAND STEEL — Fourth quarter	1982 $	1981 $
Revenue	624.2m	816.3m
Net profits	31.5m†	1.8m†
Net per share	1.40†	0.09†
Year		
Revenue	2.81bn	3.75bn
Net profits	118.8m†	57.3m
Net per share	5.60†	2.69

† Loss

INTERNATIONAL MINERALS & CHEMICAL — Second quarter	1982-83 $	1981-82 $
Revenue	325.5m	396.3m
Net profits	21.7m	69.3m
Net per share	0.81	2.60
Six months		
Revenue	652.0m	773.7m
Net profits	46.1m	108.2m
Net per share	1.73	4.06

JOHNSON CONTROLS — First quarter	1982-83 $	1981-82 $
Revenue	342.3m	313.8m
Net profits	20.9m	19.9m
Net per share	1.48	1.42

McCORMICK — Fourth quarter	1982 $	1981 $
Revenue	213.7m	204.1m
Net profits	13.8m	17.5m
Net per share	1.12	1.41
Year		
Revenue	717.7m	658.8m
Net profits	25m	29.9m
Net per share	2.02	2.50

MEREDITH CORP. — Second quarter	1982-83 $	1981-82 $
Revenue	117.1m	118.2m
Net profits	9.1m	9.1m
Net per share	2.91	2.55

MITEL — Third quarter	1982-83 C$	1981-82 C$
Net profits	7.84m	8.03m
Net per share	0.21	0.22
Nine months		
Revenue	178.0m	141.0m
Net profits	21.8m	20.1m
Net per share	0.58	0.56

MORTON THIOKOL — Second quarter	1982-83 $	1981-82 $
Revenue	433.7m	185.8m
Net profits	20.8m	7.4m
Net per share	1.20	1.02
Six months		
Revenue	617.2m	377.8m
Net profits	35.4m	32m
Net per share	2.60	2.35

NORTHERN TRUST CORP. — Fourth quarter	1982 $	1981 $
Net profits	6.74m	8.6m
Net per share	1.39m	1.78
Year		
Net profits	32.6m	36.2m
Net per share	6.71	7.31

PACIFIC GAS — Fourth quarter	1982 $	1981 $
Revenue	1.77bn	1.62bn
Net profits	122.7m	100.9m
Net per share	0.95	0.78
Year		
Revenue	6.79bn	6.19bn
Net profits	657.6m	430.9m
Net per share	4.91	3.41

PARKER DRILLING — First quarter	1982-83 $	1981-82 $
Revenue	103.2m	160.7m
Net profits	4.19m	23.13m
Net per share	0.14	0.80

PENN CENTRAL — Fourth quarter	1982 $	1981 $
Revenue	790.1m	856.4m
Net profits	39.3m	31.9m
Net per share	0.81	0.67
Year		
Revenue	3.16bn	3.34bn
Net profits	156.1m	168.7m
Net per share	3.24	3.50

PUBLIC SERVICE ELEC & GAS — Fourth quarter	1982 $	1981 $
Revenue	964.3m	945.7m
Net profits	89.62m	62.13m
Net per share	0.80	0.57
Year		
Revenue	3.87bn	3.47bn
Net profits	342.9m	284.1m
Net per share	3.24	2.83

SOUTHERN CALIF. EDISON — Fourth quarter	1982 $	1981 $
Revenue	1.02bn	1.04bn
Net profits	119m	110.9m
Net per share	1.23	1.27
Year		
Revenue	4.3bn	4.05bn
Net profits	483.4m	422m
Net per share	5.13	4.93

A. E. STALEY MANUFACTURING — First quarter	1982/83 $	1981/82 $
Revenue	398.9m	393.1m
Net profits	2.69m	16.51m
Net per share	0.10	0.73

STAUFFER CHEMICAL — Fourth quarter	1982 $	1981 $
Revenue	398.7m	376.5m
Net profits	10.2m	24.7m
Net per share	0.24	0.56
Year		
Revenue	1.62bn	1.73bn
Net profits	123.6m	149.9m
Net per share	2.81	3.41

TEXACO CANADA — Fourth quarter	1982 C$	1981 C$
Revenue	1.32bn	1.15bn
Net profits	65.8m	62.7m
Net per share	0.52	0.48
Year		
Revenue	4.84bn	4.65bn
Net profits	274.8m	316.3m
Net per share	2.15	2.46

TRANSAMERICA — Fourth quarter	1982 $	1981 $
Revenue	1.1bn	1.05bn
Net profits	52.5m	61.5m
Net per share	0.08	0.90
Year		
Revenue	4.32bn	4.15bn
Net profits	180.8m	220.7m
Net per share	2.86	3.41

UNION CAMP CORP — Fourth quarter	1982 $	1981 $
Revenue	330.3m	373.9m
Net profits	29.3m	35.8m
Net per share	1.21	1.47
Year		
Revenue	1.52bn	1.66bn
Net profits	124m	168.9m
Net per share	5.10	6.95

WALT DISNEY PRODUCTIONS — First quarter	1982-83 $	1981-82 $
Revenue	270.1m	211.2m
Net profits	17.21m	17.41m
Net per share	0.51	0.53

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SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Tuesday January 25 1983

Many base metals manage firmer tone, Page 25

WALL STREET

Headlong plunge into a selloff

SELL ORDERS swamped the New York Stock Exchange at yesterday's opening bell, and trading in dozens of stocks was delayed well into the second hour of the session as the Dow Jones industrial average fell headlong until late in the morning.

By noon the Dow was off almost 30 points to 1023.45, with the tape running 18 minutes late. The market steadied itself in midsession and some blue chips recovered a little ground, but by 2pm the Dow was still off 26.12 at 1026.86, with more than 66m shares traded.

Last week's hopes that Opec would reach agreement over oil prices and production seemed to have succumbed over the weekend to fresh uncertainties about the whole direction of Opec policy, even ahead of confirmation of the Geneva talks breakdown. After Friday's heavy selloff in the U.S. bond markets, similar uncertainty appeared once again to be affecting investors' views about the future of dollar interest rates.

Analysts also cited indications of market sentiment which suggested a remarkable level of confidence among investors – itself an alarming event for many analysts on a technical basis – and they said a stream of poor quarterly earnings and discouraging statements from Washington had since belied this confidence.

One key disappointment was undoubtedly IBM's fourth quarter results, announced late on Friday. Its U.S. net income for 1982 was up 34 per cent but the market appeared to have been looking for an even bigger jump. At midsession IBM was down $1⅛ to $93¼

The warning from Sheikh Yamani, the Saudi Oil minister, about lower oil prices did nothing to help the general market and even less to help the oil sector. Many had late openings and fell sharply, with Standard Oil of Ohio down $1⅛ to $37¾ by 2pm and Standard of Indiana, which announced 1982 earnings of $6.25 a share against $6.58, down $4⅛ to 40¾.

Even harder hit were the oil service stocks. Schlumberger fell $3 to $47¾, Halliburton $2⅛ to $34⅞ and Sedco $3 to $30¾. Hughes Tool by early afternoon was down $1¾ at $21, having announced fourth quarter earnings of 21 cents a share against $1.31.

It was not a market that any corporation would choose with lower earnings to report. Three others which did yesterday were Digital Equipment down $½ to $101½, Ashland Oil down $1¼ to $29¼ and Armco Steel, down $¾ to $16⅞. Those with better earnings included Merrill Lynch which gained $¾ to $58¾ and First Chicago, up $⅝ to $19¼.

Worst placed of all were clearly those affected by adverse company news. General Electric, which is having to contend with potentially grave problems over its engines fitted to the Boeing 767, was down $1⅞ to $92. Westinghouse was told by the U.S. Justice Department not to proceed for the moment with a major disposal, and this had knocked its stock price off $1⅛ to $41¾ by mid-afternoon.

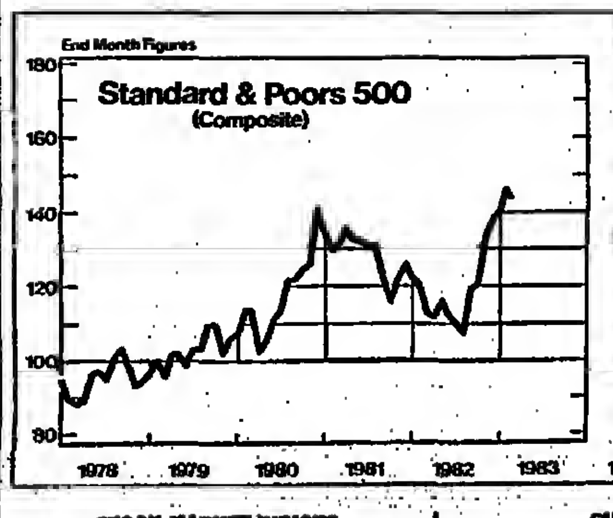
In the bond and money markets, Friday's storm appeared to have moved on. Steady trading in the Federal Funds market kept their rate around its opening 8½ per cent level. Three and six-month Treasury Bills were down 10 to 15 basis points ahead of the weekly bill auction.

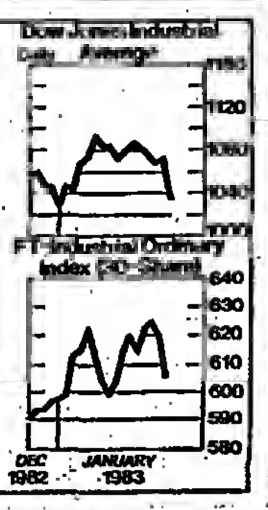
Government bonds opened lower in the face of overseas selling, said dealers, but later recovered some of their losses in thin trading.

In Torontothe exchange's composite index reflected an erosion of confidence from the outset. It suffered one of its steepest first-hour falls – of nearly 50 points, taking it below the 2,000 mark – and by midsession was 58.4 off at 1,966.2

All 14 major sectors were lower, with golds and oils worst hit. Declines had about a 10 to one predominance over advances. Banks fared particularly badly in Montreal.

KEY MARKET MONITORS





STOCK MARKET INDICES

	Jan 24	Previous	Year ago
NEW YORK			
DJ Industrials	1026.86*	1052.99	845.03
DJ Transport	437.74*	448.78	342.03
DJ Utilities	123.39*	125.05	104.06
S&P Composite	139.50*	143.85	115.38
LONDON			
FT Ind Ord	605.7	619.4	557.7
FT-A All-share	387.41	389.61	319.95
FT-A 500	420.99	423.45	420.99
FT-A Ind	393.29	395.29	308.47
FT Gold mines	601.2	640.0	272.3
FT Govt secs	77.0	78.34	63.52
TOKYO			
Nikkei-Dow	7,833.99	7,892.36	7,823.36
Tokyo SE	575.95	579.89	577.92
AUSTRALIA			
All Ord.	537.6	540.6	543.6
Metals & Mins.	477.7	486.4	382.4
AUSTRIA			
Credit Aktien	49.71	49.47	54.78
BELGIUM			
Belgian SE	105.97	105.80	87.86
CANADA			
Toronto Composite	1966.1*	2024.5 *	1740.8
Montreal Industrials	342.89*	351.30	297.56
Combined	328.89*	336.51	285.20
DENMARK			
Copenhagen SE	104.25	104.66	n/a
FRANCE			
CAC Gen	104.10	104.1	105.40
Ind. Tendance	106.0	105.5	112.2
WEST GERMANY			
FAZ-Aktien	241.92	244.55	223.32
Commerzbank	728.30	736.8	682.8
HONG KONG			
Hang Seng	879.60	871.99	1405.23
ITALY			
Banca Comm.	180.48	175.77	190.19
NETHERLANDS			
ANP-CBS Gen	103.1	105.7	87.1
ANP-CBS Ind	87.9	90.2	68.5
NORWAY			
Oslo SE	116.39	114.63	n/a
SINGAPORE			
Straits Times	759.84	765.6	777.82
SOUTH AFRICA			
Golds	977.2	1048.2	527.3
Industrial	821.3	828.4	705.6
SPAIN			
Madrid SE	101.22	101.22	127.27
SWEDEN			
J & P	1003.13	1011.28	656.52
SWITZERLAND			
Swiss Bank	294.8	299.1	258.5

GOLD (per ounce)

	Jan 24	Prev
London	$476.00	$483.50
Frankfurt	$476.25	$483.75
Zürich	$475.50	$482.50
Paris	$480.28	$490.15
New York futures (Feb)	$480.4*	$485.0

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR Jan 24	U.S. DOLLAR Previous	STERLING Jan 24	STERLING Previous
£	1.5415	1.5670	–	–
DM	2.4670	2.4460	3.80¼	3.83¼
Yen	240.60	236.50	370¾	370½
FFr	6.9850	6.9275	10.76	10.84½
SwFr	2.0275	1.9940	3.12½	3.12¼
Guilder	2.6990	2.6800	4.16	4.20
Lira	1415	1399	2179	2190
BFr	48.19	47.69	74.25	74.70
C$	1.2320	1.2285	1.8970	1.9250

INTEREST RATES

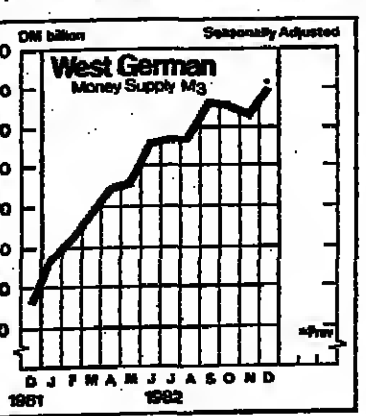
	Jan 24	Prev
Euro-currencies (three month offered rate)		
£	11 11/16	11 9/16
SwFr	2⅞	2 11/16
DM	5⅝	5½
FFr	19¾	20¼
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅝	9
6-month U.S.$	9 9/16	9 7/16
U.S. Fed Funds	8½	8⅝
U.S. 3-month CDs	8.70	8.50
U.S. 3-month T-bills	8.09	7.92

FINANCIAL FUTURES

Jan 24	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% $100,000 32nds of 100%				
March	74–10	74–13	73–26	74–22
U.S. Treasury Bills (IMM) $1m points of 100%				
March	91.91	91.94	91.77	92.05
Cert Deposit (IMM) $1m points of 100%				
March	90.97	90.99	90.82	91.13
LONDON	Latest	High	Low	Prev
Three-month Eurodollar $1m points of 100%				
March	90.58	90.72	90.51	90.95
20-year Notional Gilt £50,000 32nds of 100%				
March	97–23	98–22	97–19	100–02
Three-month Sterling Deposit £250,000 points of 100%				
March	89.13	89.25	89.04	89.57

LONDON COMMODITY MARKETS

	Jan 24	Prev
Silver (spot fixing)	791.45p	815.15p
Copper (Cash)	£998.50	£999.75
Coffee (March)	£1664.50	£1661.00
Oil (spot Arabian light)	$30.62	$31.75



LONDON

Water seeps in to raise oil pressure

STERLING'S collapse to its worst-ever level against the dollar yesterday put London stock markets under severe pressure. Valnes tumbled across the board as investors worldwide became anxious about the immediate outlook for the pound now that lower oil prices seem inevitable.

Fears that the recent downturn in short-term U.S. interest rates could be reversed following last week's unforeseen sharp acceleration in the growth of U.S. money supply was another major cause of concern.

All sectors opened easier, reflecting Opec member states' difficulties over production quotas, and later reports that North Sea prices might be cut by $2 to $3 a barrel within the next few days hit sterling further and stock markets quickly followed. Gilt-edged securities reversed a mid-afternoon attempt to rally and closed at the day's lowest with falls stretching to 2¾ points.

Political uncertainties over a national water workers' strike also had an adverse effect. The FT Industrial Ordinary index closed 13.7 down at 605.7.

South African gold shares were sharply weaker after moderate dullness in the bullion price. U.S. investors were said to be panicking about prospects after the sector's recent heady rise to record levels. As a result, the FT Gold Mines index suffered one of its largest-ever drops to close 38.8 down at 601.2. Last Wednesday it had peaked at 664.2.

Golds tried to rally towards midday, but yesterday's poor trend at the opening on Wall Street put paid to this and prices closed at the day's lowest. Trading was more active than of late, but all the business was in one direction.

London financials were featured by Gold Fields, down 35p to 503p, while Rio Tinto-Zinc lost 21p to 493p and Charter 19p to 223p. Australians mostly closed a little lower with the exception of one speculative exploration stock, Enterprise Gold Mines, up 7p to 40p.

AUSTRALIA

Miners slip

A WEAKENING resource sector pulled Sydney prices slightly lower in a moderately active session. Golds and heavyweight miners suffered most.

GMK fell 50 cents to A$11 and Western Mining 15 cents to A$4.10. The All Ordinaries index eased 3.0 to 537.8, reflecting a 5.7 drop in the All Resources marker to 433.1. Many industrials managed a late improvement, and losses overall outnumbered gains 150 to 97 with 164 unchanged.

An easing bullion price also brought declines for most miners in Melbourne trading. Oils traded narrowly and finished mixed, with Santos four cents ahead at A$5.70.

SOUTH AFRICA

Steep falls

HEAVY selling of gold issues manifested itself in Johannesburg as the bullion price retreated, with losses extending to R9 in the case of heavyweight Randfontein, which ended at R171.

Falls of more than a rand were common among cheaper priced producers. Elandsrand was R1.70 lower at R12.50.

Mining financials followed, with Anglo-American off R2 to R22.60 and Amgold R7.50 at R147, and the rest of the market eased in sympathy. Barlows, the industrial leader, shed 40 cents to R12.60.

FAR EAST

Tokyo slide enters second week

THE RECEDING possibility of an early cut in the Japanese discount rate, as the yen continued to weaken against the dollar, further depressed sentiment among Tokyo stock investors yesterday, with an added element of caution ahead of the opening debates of a new parliamentary session.

In thin volume of 210m shares, the Nikkei-Dow Jones market average shed 58.37 to end at 7,833.99. This followed a plunge of 97.05 in Saturday's trading for a fall of 434.40 on the week. The market continued to be overshadowed by record levels of outstanding debt on margin purchases accumulated in a sustained buying spree at the turn of the year.

Computer makers, vehicles, precisions, light electricals, shipbuilders and steels eased on scattered selling. Domestic interest rate considerations also affected trading houses, consumer credit concerns, electric power companies and other large capital issues.

Oils were sold on the yen's weakness. Nippon Oil – which later announced a cut in wholesale prices of petrol, light oil and kerosene – lost Y21 to Y960.

Selective buying was evident, however, in drugs, chemicals, paper pulp makers and construction companies.

Orient Finance, which came under heavy selling pressure towards the end of last week on rumours of sizeable bad loans, relinquished another Y20 to Y1,250 in fairly active trading. A company denial of the reports was followed yesterday by a statement from Dai-Ichi Kangyo Bank, which holds some 3.6 per cent of Orient, reaffirming its support.

It said an issue last week of 28m new Orient shares at Y1,335 had been fully subscribed, with payment completed in the four-day acceptance period.

Keisei Electric Railway, the day's volume leader with 45.72m shares traded, gained Y15 to Y252.

Fairly active late buying in Hong Kong left prices on their day's highs after a lower opening, depressed by Wall Street weakness and the U.S. dollar's strength against its local counterpart.

Substantial support was found as the Hang Seng index drifted to around the 850 mark, nearly 13 points down midway. It finished 7.61 up at 879.60.

Hang Seng Bank itself added 75 cents to HK$47.50 while other leaders ended unchanged to slightly higher.

Selective Singapore dealings in moderate volume took prices somewhat lower. Malayan Credit eased six cents to S$3.22, Fraser and Neave and Singapore Land 5 cents each to S$7.15 and S$7.10 respectively.

EUROPE

Scala mobile pact brings Milan to life

THE WEEKEND agreement between Italian unions and employers to impose limits on the country's scala mobile wage indexation system brougbt a sharp rally on the Milan stock market yesterday, led by the big industrial issues which were in strong and sustained demand.

Olivetti, Italcementim Dalmine, Pirelli SpA, Snia Viscosa and Montedison added as mucb as 5 to 6 per cent in value. In after-bourse trading Fiat was the focus of buying after a forecast of positive 1982 results in a letter to shareholders. It closed L113 up at L1,893 but moved on unofficially to touch the L1,900 mark.

Brokers expected a continuation of the upward trend in the short-term, with final approval in prospect for long-awaited enabling legislation for investment funds which should enhance confidence.

Fears about the future course of West German interest rates dominated a sluggisb session in Frankfurt after the Bundesbank's decision last week not to opt for an early cut in the Lombard and discount rates and expressions of caution from the U.S. Federal Reserve.

Leading shares opened weak and extended their losses through the day. Car makers featured poorly, with BMW off DM 4.70 to DM 217.50, Daimler Benz DM 4.60 to DM 377.90 and Volkswagen DM 2.80 near its day's low at DM 138.40. This was despite federal figures showing a reduced market share for foreign manufacturers last year.

The market was also required to evaluate dual-edged comments by Herr Helmut Schlesinger, Bundesbank vice-president, who said a further general softening in the interest rate structure was possible, but at a slower pace than had occurred over the past 15 months.

Banks also fared badly. Commerzbank ended DM 2.20 lower at DM 125.10, Dresdner DM 3.60 at DM 133 and Deutsche Bank DM 1.80 at DM 260.20.

On the domestic bond market, where prices were severely depressed, the central bank had to buy DM 254.4m in public paper to provide the required balance. Sentiment was not helped by what dealers described as the aggressive terms of a oew 7¾ per cent 10-year federal railways issue.

Movements on markets elsewbere in Continental Europe were more restrained, with the surging dollar, Wall Street stock jitters and interest rate uncertainties as subduing factors common to Zurich, along with a weaker bond market; Brussels, where falls in domestic stock values extended to 4 per cent; and Amsterdam, wbere Dutch internationals took the brunt of the selling.

Paris provided a firmer picture in active trading at the start of a new monthly account, buoyed to some extent by a fall in call money rates by a quarter-point to 12⅝ per cent. In Stockholm, mixed overall, Asea in electricals suffered a SKr 7 setback of SKr 318.

WORLD STOCK MARKETS

NEW YORK

[illegible]

CANADA

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

ITALY

[illegible]

GERMANY

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

HOLLAND (continued)

ACF Holding	107	−1.7
Ahold	132	−3.5
AKZO	35.5	−1.5
ABN	294	−5
AMEV	101.7	−2.8
AMRO	44.3	−1.4
Bredero Cert	168	+1
Boskalis West	31.6	−0.2
Buhrmann-Tet	34.3	−0.1
Caland Hlds	28.4	+0.2
Elsevier NDU	190	−1.5
Ennia	138	
Euro Comm Tst	74.3	

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

Nestle	3,630	−75
Oer-Buehrle	1,265	−70
Pirelli	244	−5
Sandoz (B)	4,700	
Sandoz (Pt Cts)	575	−15
Schindler(Pt.Cts)	340	
Swissair	720	+7
Swiss Bank	312	−1
Swiss Reinsce	7,200	
Swiss Volksbk	1,310	−50
Union Bank	5,160	−40
Winterthur	2,660	−10
Zurich Ins	17,000	−50

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

JACCS	409	−1
JAL	2,260	+10
Jusco	565	−5
Kajima	329	−2
Kao Soap	665	−10
Kashiyama	663	+3
Kirin	386	−7
Kokuyo	770	−6
Komatsu	504	−6

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

Rustenburg	8.90	−0.15
Sage Hldg	4.16	
SA Brews	7.25	−0.25
Smith (C.G.)	21	
TongaatHuletts	9.00	−8.15
Unisec	4.15	−0.1

Financial Rand US$0.75½ (Discount of 20%)

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK—DOW JONES

[illegible]

	Jan 19	Jan 12	Jan 5	Year Ago (Approx)
Ind div yield %	4.38	4.35	4.58	5.67
Ind. P/E Ratio	11.35	11.38	70.94	7.77
Long Gov Bond Yield	10.80	10.41	10.43	14.13

N.Y.S.E. ALL COMMON

Jan 24	Jan 21	Jan 20	Jan 19	1982-83 High	1982-83 Low
80.82	83.18	84.51	83.99	84.78 (17/1/83)	58.8 (12/8/82)

RISES AND FALLS

	Jan 24	Jan 21	Jan 20
Issues traded	947	912	1613
Rises	158	376	894
Falls	608	172	737
Unchanged	187	364	372

MONTREAL

	Jan 24	Jan 21	Jan 20	Jan 19	1982-83 High	1982-83 Low
Industrials	342.76	351.3	357.11	354.14	366.63 (10/1/83)	212.88 (21/8/82)
Combined	328.38	336.51	340.46	338.48	349.85 (10/1/83)	237.27 (21/8/82)
TORONTO Composite	1977.5	2024.5	2097.8	2055.1	2118.8 (10/1/83)	1355.1 (21/8/82)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

New York Active Stocks

Monday	Stocks Traded	3.00 p.m. Price	Change on Day		Stocks Traded	3.00 p.m. Price	Change on Day
AT&T	1,341,800	65¾	−1⅛	Mesa Trust	728,900	1½	−¼
Texaco	1,291,000	32	−1	Prime Comp	760,700	36⅝	−2⅞
St Oil Ind	1,219,300	41	−3⅞	Getty Oil	691,000	55¾	−3
Exxon	1,211,100	30	−¾	Chrysler	680,600	14⅝	−⅞
IBM	1,155,800	93¼	−1⅝	Fanny Mae	678,400	21⅞	+½

	Jan. 24	Jan. 21	Jan. 20	Jan. 19	1982-83 High	1982-83 Low
AUSTRALIA						
All Ord. (1.1/80)	537.0	540.6	536.2	558.3	585.5 (4/1/82)	448.8 (8/7)
Metal & Minls. (1/1/80)	427.7	495.4	477.8	480.2	400.4 (21/1/83)	299.8 (8/7)
AUSTRIA						
Credit Aktien (2,1/62)	49.71	48.47	49.48	49.51	56.98 (4/11)	47.56 (28/10)
BELGIUM						
Belgian SE (01/12/65)	105.57	105.78	105.08	104.93	105.97 (24/1/83)	84.42 (20/1/82)
DENMARK						
Copenhagen SE (3/1/83)	104.25	104.66	104.43	105.62	104.66 (21/1/83)	100.00 (3/1/83)
FRANCE						
CAC General (31/12/81)	104.1	104.1	105.1	102.6	111.6 (12/5)	95.9 (13/8)
Ind Tendance (31/12/82)	106	105.5	104.9	102.5	106 (24/1/83)	99.8 (5/1/83)
GERMANY						
FAZ-Aktien (31/12/58)	241.92	244.56	244.92	245.45	257.56 (5/1/83)	214.08 (17/8)
Commerzbank (Dec1953)	738.3	738.8	738.0	750.8	777.6 (5/1/83)	660.2 (17/8)
HOLLAND						
ANP-CBS General (1970)	105.1	105.7	104.3	104.4	107.8 (11/1/83)	84.0 (6/1/82)
ANP-CBS Indust (1970)	87.9	89.2	88.8	85.5	88.4 (11/1/83)	65.2 (4/1/82)
HONG KONG						
Hang Seng Bank (31/7/64)	878.6	871.90	908.56	906.54	1445.82 (12/1/82)	676.30 (2/12)
ITALY						
Banca Comm Ital (1/1972)	185.48	175.77	174.94	174.73	212.86 (19/3)	147.28 (22/7)
JAPAN**						
Dow Average (16/5/49)	7833.99	7969.41	7923.51	7969.68	8219.02 (8/1/83)	6849.78 (1/10)
Tokyo New SE (4/1/68)	575.85	585.68	581.84	584.56	592.17 (8/1/83)	511.52 (17/8)
NORWAY						
Oslo SE (4/1/83)	116.58	114.65	115.98	116.70	118.96 (17/1/83)	99.01 (4/1/83)
SINGAPORE						
Straits Times (1966)	759.84	765.60	768.22	765.55	810.78 (6/1/83)	557.87 (10/8)
SOUTH AFRICA						
Gold (1958)	(u)	1048.2	1065.4	1075.0	1075.5 (17/1/83)	585.5 (8/7)
Industrial (1958)	(u)	825.4	823.8	820.7	823.8 (20/1/83)	507.5 (29/6)
SPAIN						
Madrid SE (31/12/82)	101.22	101.22	102.08	101.46	102.06 (20/1/83)	90.82 (11/7/82)
SWEDEN						
Jacobson & P. (1/1/58)	1015.13	1011.28	1002.8	1006.3	1015.10 (24/1/83)	565.32 (29/4)
SWITZERLAND						
SwissBankCpn.(31/12/58)	294.8	298.1	295.7	296.2	301.7 (7/1/83)	257.0 (17/8)
WORLD						
Capital Intl. (1/1/70)	—	157.6	155.2	156.9	162.8 (18/1/83)	718.4 (15/8)

(**) Saturday January 15: Japan Dow (c). TSE (c).

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

COMMODITIES AND AGRICULTURE

Sterling fall against the dollar boosts London copper price

BY JOHN EDWARDS, COMMODITIES EDITOR

THE FALL in the value of sterling against the dollar, and later against European currencies brought a generally firmer tone on the London Metal Exchange yesterday in spite of the drop in gold and precious metal prices.

Cash price of high-grade copper closed £5.25 up at £998 a tonne but lost ground in later trading following a Reuter report that the strike at Southern Peru Copper mine at Toquepala appeared to be ending with workers going back. Strikers at the company's El Cuajone mine and Ilo smelter are also expected to return to work soon ending the walkout on January 6.

Another depressing influence was yet another rise in copper stocks held in LME warehouses. The increase in stocks of 5,550 tonnes taking total holdings to 271,600 tonnes—the highest level since March 1979—was the 16th successive rise since the build-up in stocks started last September when holdings were 138,600 tonnes.

Tin stocks rose by 195 to 33,145 tonnes. However, the market was buoyed up by further support buying by the buffer stock of the International Tin Council and prices reached the highest level since February last year.

Traders say the apparent objective of the buffer stock is to raise London prices to the Straits tin price level in Penang. At present, currency rates this would be around £8,300 a tonne. Yesterday, standard grade cash tin was £30 up at £7,845 a tonne moving slightly above the three months quotation.

Aluminium stocks were up sharply by 4,350 to 263,160 tonnes; lead rose by 226 to 131,100, nickel by 198 to 7,860 tonnes, and LME silver holdings by 120,000 to 35,960,000 ounces. Zinc stocks fell by 275 to 91,775 tonnes.

The drop in gold, which closed $7.50 down at $476 an ounce, brought lower free market platinum and silver prices. Free market platinum fell to $440 (£285.90) an ounce. The dollar quotation was $13.50 down against a peak of $479.25 a week ago, but the sterling equivalent was only £2.75 lower.

The bullion spot price of silver was cut by 22.1p to 791.45p an ounce at the morning fixing but values were firmer in afternoon trading.

Switch to $ sugar pricing urged

BY DAVID MARSH IN PARIS

THE FRENCH Government should allow a switch to dollar pricing on the Paris white sugar market, says M Michel Wiart, chairman of the French terminal market association.

A decision on the market's plan to change from franc to dollar quotation was "urgent," with the proposed switch to dollars on the London sugar market, he said.

The sugar sector is by far the most important commodity futures market in Paris, with volume rising last year by 17.9 per cent to 12.9m tonnes, a large multiple of trading activity in the city's ailing cocoa and coffee markets.

Figures compiled by the association, show that contracts traded on the sugar markets in New York and London (which are for raw sugar) totalled 100.4m tonnes and 45.6m tonnes last year, down 18.5 per cent and 46.9 per cent respectively from 1981.

M Wiart said any hesitation by the Government in converting the market to international pricing in dollars would be interpreted as a sign of weakness abroad and could have "serious" commercial consequences.

The sugar market was the leading market in Paris and it was "absolutely necessary" to support it, he said.

M Wiart paid tribute to the Socialist Government for having presented a long-promised reform of the Paris market to the Senate last year.

The reform, leading to the setting up of a French Futures Market Commission, is expected to be put into place this year, with the National Assembly due to debate the matter in April.

M Wiart called on French banks—now almost completely nationalised—to modify their traditional reticence towards the commodity markets and to adopt a more "risk-oriented" attitude towards investment.

The association would like the investment community to offer to clients commodity funds of the type which are commonplace in Anglo-Saxon countries.

Low duty for Thai tapioca to continue

By Jonathan Sharp in Bangkok

The EEC will continue to accept tapioca from Thailand at the low import duty of 6 per cent although in theory much of the Thai product qualifies for a considerably higher tariff, say EEC officials.

Talks in Bangkok between community experts and Thai Foreign trade officials ended inconclusively late last week. They will resume in September.

Under EEC regulations, only tapioca in the form of hard pellets qualifies for the low duty rate. The bulk of the Thai exports are in soft or "native" pellets which tend to disintegrate.

The EEC officials said more than 50 per cent of the native pellets arrive in EEC ports looking more like flour or meal, and as such should be charged import duties of 28 per cent.

But the EEC recognises Thailand's problems over converting production entirely to hard pellets and will continue to turn a blind eye to the problem in 1983.

The issue is of major concern to Thailand. Tapioca is the country's second largest export, and more than two-thirds of the exports go to EEC countries where tapioca is used as a cheap animal feed.

Thai officials maintain that as Thailand has already agreed to limit its exports to the EEC under quotas set late last year, any further barriers to the trade would be unfair.

The Thais also point out that some European importers prefer the tapioca in *soft pellets* because they are easer to mix in with animal feed than the hard pellets.

Malaysia to review attitude to rubber

BY WONG SULONG IN KUALA LUMPUR

THE Malaysian Government is to reassess the future of its rubber industry, in the light of depressed prices and changes in consumption patterns.

Datuk Paul Leong, Primary Industries Minister, who announced the setting up of a review committee of rubber exports, said the committee should report its recommendations within nine months.

The committee, which will include several international rubber specialists, has been asked to look into the supply and demand in the elastomer market over the next 20 years, whether Malaysia should devote so much land and money to rubber cultivation, and whether present research, development and marketing should be less biased toward the needs of Western-based consumers.

In retrospect, the Malaysian Government felt "misled" by the projections of rubber experts in the past, who forecast an increasing demand for the commodity throughout the 1980's.

Several international organisations, dealing with agricultural commodities, were talking in the late 1970's, of a shortage of natural rubber in the region of half a million tonnes in 1985, and a projected price level of as high as 5 Ringgit (£1.38) per kilo.

Partly in response to these optimistic views, Malaysian private estates slowed down their conversion from rubber to oil palm, while the Government started its "dynamic rubber production" policy under which public agricultural agencies such as Felda and Risda, gave a greater bias to rubber cultivation in their land schemes.

In the past three years, world natural rubber consumption had declined by an average of 4 per cent a year, while output rose by 2 per cent. The fall in car production, the change to longer lasting radial tyres and the trend towards smaller cars, led to sharp falls in rubber consumption.

Singapore tightens control on gold futures trading

BY KATHRYN DAVIES IN SINGAPORE

SINGAPORE'S official gold exchange (GES) is to become a public company as a first step towards tightening control over gold futures trading in the republic. An extraordinary general meeting of GES members to approve the change is to be held on February 11.

This move follows Dr Goh Keng Swee, the deputy premier's, announcement in Parliament last month that all traders in gold futures would have to be members of the GES. The change, from a private to a public company, will mean that the GES will be able to admit up to 100 members, double the number of shareholders it is now permitted.

Last October 24 gold dealing companies were investigated by government-appointed inspectors, following complaints that some trading companies, which were not licensed by the authorities, had accepted orders for gold futures on the New York Commodity Exchange but had failed to execute them. Some companies allegedly traded on their own account without clients' authorisation and, in at least one case, absconded with clients' funds.

USSR not likely to meet grain targets

MOSCOW—The official Soviet *grain target for this* year has been set again at 238m tonnes. The current five-year plan is calling for average grain crops of between 238m and 243m tonnes.

However, poor weather conditions are likely to work against this target.

Grain harvest results for the past two years have been made a state secret, but officials say the 1981 figure may have been as low as 150m tonnes and the 1982 figure about 176m tonnes.

Economics of Agriculture magazine reports that the 1982 sugar beet crop was 71m tonnes—10m tonnes higher than the previous year but more than 20 per cent below target.

Sunflower seed output was 5.3m tonnes, 15 per cent up on the poor 1981 yield.

Meat production rose to 15.24m tonnes from 15.20m tonnes last year, but was nearly 2m *tonnes below* target.

Milk output was up slightly to 90.1m tonnes, 8m tonnes short of the plan figure. Egg production rose by 2bn eggs to 72.1bn.

The cotton crop fell to 9.3m tonnes from the record 9.6m in 1981.

The potato crop was 78m tonnes, a rise of 6m over the previous year, and output of other vegetables rose more than 3m tonnes to 29m.

The cattle population rose slightly to 117m and the pig population to 76.5m.

The Government daily newspaper Izvestia said the 1981 figures to which output was compared were some of the worst in Soviet agriculture since the 1960s. (Agencies).

Foot and mouth restrictions eased

DANISH authorities have lifted some of the restrictions imposed on January 14 when foot and mouth disease was discovered on a farm near Odense, on Funen. Island slaughterhouses with the exception of those in Odense itself may now resume work but restrictions on animal movement are still in force.

● TEA workers in West Bengal staged a one-day strike to back pay demands.

● SHELL fishing is to be banned in The Wash off the South Lincolnshire coast. Mussels being landed at Boston are contaminated and are a potential health risk. Officials do not yet know if the pollution has been caused by oil or chemicals.

● MALTESE farmers are refusing to take their goods to market until the government lifts its price freeze on agricultural goods. They have asked foreign governments not to *export vegetables to the island.*

● THE Philippine Coconut Authority has eased regulations which prevented minor coconut oil millers from exporting.

● INDIA plans to *spend about* R6bn (£386m) to import edible oil. Delayed and inadequate rains have cut the major winter oilseeds crop.

● ISRAEL'S cotton crop reached 87,000 tonnes compared with 82,000 tonnes in 1981.

● PAKISTAN has set its rice export target for the year ending June 1983 at 950,000 tonnes.

● UNICORN Plant Breeders has introduced Panda, a two-row variety of winter barley.

PRICE CHANGES

In tonnes unless stated otherwise	Jan. 24 1983	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1065/1085	—15	$975/1005
Copper			
Cash h grade	£998.5	+5.25	£999.5
3 mths	£1030.25	+6.5	£946.75
Cash Cathode	£972.25	+7.75	£884.5
3 months	£1002.25	+7.0	£912.5
Gold troy oz	$478	—7.5	$445.5
Lead Cash	£294.125	—1.625	£285.5
3 months	£305.75	—1.5	£298.25
Nickel	£4384	....	£4133.6
Free mkt	170.200c	—5	169/189c
Palladium	[illegible]	....	£260
Platinum	£285.90	—2.75	£231.95
Quicksilver†	$345/355	....	$380/390
Silver troy oz	791.45p	—22.1	660.10p
6 mths	812.45p	+22.45	676.10p
Tin cash	£7845	+30	£7422.5
3 months	£7682.5	+10	£7452.5
Tungsten	$90.21	....	$102.80
Wolfram 22.04 lb	$78/82	....	$78/82
Zinc Cash	£438.5	—1.5	£410.75
3 mths	£453.25	—1.5	£428.75
Producers	$800	....	$800

	Jan. 24 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$447.5z	....	$450
Groundnut	‡	....	$425.0
Linseed Crude	£398	....	£308
Palm Malayan	$380w	+2.5	$375
Seeds			
Copra Philip	‡	....	$300
Soyabean (U.S.)	$240.5	....	$236.5
Grains			
Barley Fut. May	£117.60	+0.30	£114.40
Maize	£146.50y	....	£144.60
Wheat Fut. May	£125.65	+0.05	£120.55
No2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£1217	—12	£1130
Fut. May	£1183.5	—13	£1099.5
Coffee Ft. Mar	£1654.0	+20.0	£1595.5
Cotton A. Index	72.80c	+0.05	70.30c
Gas Oil Feb	$260	—14.25	$279.75
Rubber (kilo)	55.25p	+0.5	49.75p
Sugar (Raw)	£105xw	+4	£102
Woolt'ps 64 kls.	392p kilo	....	372p kilo

‡ Unquoted. w March. y Feb. x Jan-Feb. z Feb-March. † Per 76-lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	30.50-30.75	—0.75
Iranian Light	29.50-29.50	—0.02
Arabian Heavy	28.50-28.75	—0.50
North Sea (Forties)	30.70-31.00	—0.58
African (Bonny Li'ht)	31.50-31.75	—0.60

PRODUCTS—North West Europe ($ per tonne)

Premium gasoline	295-297	—0.5
Gas oil	279-281	—1.0
Heavy fuel oil	163-166	—

GAS OIL FUTURES

The market opened $3.00 lower as due. Further selling was encouraged by growing fears that Opec might fail to reach an agreement. The break-up of the meeting, with individual production quotas allocated, caused the IPE to re-open substantially lower. Short-covering lifted prices marginally from the lows, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Jan.	270.00	—10.50	279.00-270.00
Feb.	260.00	—14.25	272.50-259.50
March	253.00	—18.75	270.00-250.00
April	247.75	—17.00	261.00-245.00
May	244.70	—16.50	258.75-240.75
June	244.50	—16.50	258.00-241.00
July	244.00	—16.75	—
Aug	247.00	—15.00	—
Sept	252.00	—15.90	260.00

Turnover: 6,104 (2,349) lots of 100 tonnes.

GOLD MARKETS

Gold fell $7½ an ounce from Friday's close in the London bullion market yesterday to finish at $475½-476½. The metal opened at $476-477 following selling in Hong Kong on firmer U.S. interest rates and a much stronger dollar. The price in London touched a high of $477½-$478½ before the morning fixing of $475.75 and slipped away to a low of $472½-473½ around the opening of New York.

In Paris the 12½ kilo bar was fixed at FFr 108,300 per kilo ($450.28 per ounce) in the afternoon compared with FFr 107,500 ($476.53) in the morning and FFr 108,500 ($490.15) on Friday afternoon.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar at the fixing was $476.75 from $491.50.

In Frankfurt gold closed at $475½-476½ from $483½-484 and slipped to Zurich to $474-477 from $481-484.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
February	470.40-5.80	—6.700	479.40-73.5
March	479.00-9.50	—7.100	482.50-77.0
April	482.80-6.30	—7.450	486.50-80.0
May	486.30-7.30	—7.350	487.00
June	490.00-1.80	—7.550	—
July	494.10-5.40	—6.780	—

Turnover: 1,204 (931) lots of 100 troy ounces.

	Jan. 24		Jan. 21	
Gold Bullion (fine ounce)				
Close	$475½-476½	(£308½-309¼)	$483-484	(£307¼-308)
Opening	$476-477	(£307-307¾)	$492½-493½	(£311½-319½)
Morning fixing	$479.75	(£307.562)	$490.25	(£310.580)
Afternoon fixing	$476	(£309.101)	$485	(£308.034)

Gold Coins Jan. 24					
Krugrnd	$491-492	(£310¼-318½)	King Sov	$116¼-116¾	(£74-75½)
½ Krg	$253-254	(£164¼-165)	Victoria Sov	$114¼-116	(£74-75½)
¼ Krg	$129-130	(£83¾-84½)	French 20s	$106½-102½	(£60¼-66½)
1/10 Krug	$52½-53½	(£34-34½)	50 pesos Mex	$571-574	(£370¾-379¾)
Mapleleaf	$490-491½	(£318¼-319¼)	100 Cor. Aust	$460-464	(£298¾-301¼)
New Sov	$113½-115¼	(£73-73½)	$20 Eagles	$555-560	(£360½-363¾)
½ New Sov	$66½-68½	(£45¼-44½)			

EUROPEAN MARKETS

ROTTERDAM, Jan 24.

Wheat—(U.S. $ per tonne): U.S. No Two Red Winter Jan 155, Feb 156, Mar 157, April 158. U.S. No Three Amber Durum April/May 171, June 172. U.S. No Two Northern Spring 14 per cent Feb 185, Mar 186, April/May 170. Canadian Western Red Spring April/May 194.

Maize—(U.S. $ per tonne): U.S. No Three Yellow afloat 123, Jan 123, Feb 121, Mar 121, April/June 124, July/Sept 126.50, Oct/Dec 127.50 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfport Feb 234.50, Mar 236.50, April 238.50, May 241.50, June 244, July 246, Aug 245, Sept 247.50, Oct 243, Nov 243, Dec 247, Jan 251.50 sellers; Argentine June 242.20, July 242.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 215, Jan/Mar 215, April/Sept 216, Nov/Mar 225 sellers. Pellets Brazil afloat 234, Jan/Mar 234.50, April/Sept 226 sellers.

PARIS, January 24

Cocoa—(FFr per 100 kg): March 1285-1288, May 1325.50-1330, July 1330 bid, Sept 1340 bid, Dec 1365-1380, March 1420 bid, May 1435 asked. Sales at call: 5.

Sugar—(FFr per tonne): March 1460 bid, May 1500 bid, Aug 1575 bid, Oct 1015 bid.

BRITISH COMMODITY MARKETS

BASE METALS

BASE METAL prices were somewhat nervous on the London Metal Exchange as a result of the volatility of sterling. Copper reached a high for the day of £1,031 before a late sell-off after rumours of a settlement to the Peruvian strike left the close at £1,028. *Tin was well supported, and rose to* £7,845 before dipping to close at £7,835. Lead was finally £306, Zinc £453.5, Aluminium £724.5 and Nickel £2,500.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	986.5-7	—5.5	998-9	+5.25
3 months	1016.5	—2.75	1030.5	+6.5
Settlem't	987	—5.5	—	.....
Cathodes				
Cash	961.5-2	+1.5	972-.0	+7.5
3 months	981.5-9	+1.5	1002-.5	+7.5
Settlem't	962	+1.5	—	.....
U.S. Prod.	—	—	*74-74	.....

Amalgamated Metal Trading reported that in the morning high-grade cash copper traded at Cash £987. Three months £1,015, 16, 16.50, 17, 17.50, 18, 18.50, 17, 17.50, 18, 18.50, 19, 18. Cathodes: Cash £961.50, 62, 61.50, 61. Three months £990, 81.50. Kerb: Higher Grade: Three months £1,021, 20.50, 20. Afternoon: Higher Grade: Three months £1,025, 26, 28.0, 27, 28.5, 28, 29, 29.5, 30, 29, 30. Cathodes: Cash £972. Three months £1,003, 02.5. Kerb: Higher Grade: Three months £1,028, 30, 31, 30, 30.5, 30, 29, 28, 27, 26, 25.5. Turnover: 32,250 tonnes.

TIN

[illegible]

LEAD

[illegible]

ZINC

[illegible]

ALUMINIUM

[illegible]

NICKEL

[illegible]

Nickel—Morning: Three months £2,490, 2,500, 2,495, 2,500, 2,505, 2,500. Kerb: Three months 2,500. Afternoon: Three months £2,510, 05, 2,500. Kerb: Three months £2,495, 2,500. Turnover: 528 tonnes.

SILVER

LME—Turnover 142 (205) lots of 10,000 ozs. Morning: Three months 815.0, 14.0, 17.0, 15.0, 15.5, 16.0, 16.1, 19.5. Kerb: three months 819.9. Afternoon: three months 820, 19.5, 20. Kerb: three months 820, 18.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	781.45p	—22.1	798p	—6
3 months	812.45p	—22.4	819.5p	—5.75
6 months	832.45p	—23.7	—	.....
12 months	872.60p	—23.3	—	.....

Silver was fixed 22.1p an ounce lower for spot delivery in the London bullion market yesterday at 791.45p. U.S. equivalents of the fixing levels were: spot $12.20, down 63c; three-month $12.462c, down 64c; six-month $12.731, down 66.1c; and 12-month $17.27, down 75c. The metal opened at 801-803p ($12.42-12.46) and closed at 795-797p ($12.28-12.30).

COCOA

Although steadier at the opening, mostly as a result of currency fluctuations, futures eased sharply before ending at the mid-point of the day's range. Physicals were largely neglected, reports Gill and Duffus.

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

POTATOES

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

COTTON

LIVERPOOL—Spot and shipment sales amounted to 177 tonnes. Replenishment demand was in evidence, and further interest was displayed in Middle Eastern growths, notably those supplied by Russia and Turkey. [illegible]

TEA AUCTIONS

[illegible]

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

[illegible]

JUTE

[illegible]

MEAT/FISH

[illegible]

AMERICAN MARKETS

NEW YORK, January 24

Precious metals came back slightly from heavy early losses as the collapse of Opec meeting revived fears of severe banking liquidity problems. Copper ignored the negative strike news most of the day and rallied late for net gains on speculative support and technical buying. Heating oil prices collapsed in anticipation of a break in crude oil prices following the failure of Opec members to agree on production quotas. Sugar prices sold off on arbitrage selling which was too strong to overcome the late bullishness of precious metals. Cocoa prices sold off on long liquidation by commission houses and on evidence that producer selling was again becoming active. Coffee prices were under light selling pressure due to general lack of buying interest. Cotton found support late in the session on the strong action in the grains as commission houses began to re-establish their long positions. Grains and beans rallied sharply from early losses in anticipation of a bullish carry-over estimate by the U.S. Government after the close; professional and commission house buying was followed by massive short-covering and new technical buying with closing prices showing large gains, reported Heinold.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
March	1600	1635	1589	1665
May	1645	1677	1635	1708
July	1675	1705	1663	1733
Sept	1703	1728	1693	1775
Dec	1735	7740	1720	1800
March	1780	1775	1755	1830

COFFEE "C" 37,000 lb, cents/lb

[illegible]

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	59.92	59.97	59.00	59.52
April	61.32	61.40	60.35	60.92
June	62.92	62.87	62.25	62.72
Aug	61.90	61.95	61.35	61.82
Oct	60.30	60.35	59.92	60.27
Dec	61.65	01.67	01.15	61.65

LIVE HOGS 30,000 lb, cents/lb

[illegible]

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Mar.		Jun.		Sep.		
0 FL C	F.260	6	11.50	—	—	—	—	F.271.10
0 FL C	F.270	7	4	—	—	1	8	"
0 FL C	F.275	3	2.50	—	—	11	5	"
0 FL C	F.280	—	—	8	1.90	—	—	"
0 FL P	F.260	7	2	32	5.50	—	—	"
0 FL P	F.265	13	4	07	8.50	—	—	"
0 FL P	F.270	38	6.10	7	10.50	—	—	"
0 FL P	F.275	4	8	51	10	—	—	"
		Feb.		May		Aug.		
GOLD C	$400	2	82	—	—	—	—	$473.75
GOLD C	$425	101	55	5	77	1	88	"
GOLD C	$450	14	35	23	58	47	75	"
GOLD C	$475	65	17	21	44	8	60	"
GOLD C	$500	142	10	228	30	13	50	"
GOLD C	$550	81	4	133	15	—	—	"
GOLD P	$350	—	—	32	3.10	—	—	"
GOLD P	$375	—	—	77	3.50	—	—	"
GOLD P	$425	30	1	10	7.50	5	15.80 B	"
GOLD P	$450	75	4.50	150	13	10	20	"
GOLD P	$475	61	15	26	25	11	30	"
GOLD P	$500	22	29.50	—	—	—	—	"
12¾ NL 81 87-91								
C	F.115	50	13.50	—	—	—	—	F.131
C	F.120	50	11.50	100	12	—	—	"
C	F.122.50	—	—	50	8.30	—	—	"
C	F.127.50	—	—	164	4.50	150	5	"
C	F.100	540	1.50	285	3.50	150	4.50	"
C	F.135	60	0.50	123	2	—	—	"
P	F.127.50	—	—	250	1.70	—	—	"
P	F.100	117	1.40	154	8.80	—	—	"
P	F.133	383	5.50	—	—	—	—	"
10¾ NL 80 86-95								
P	F.315	100	1.20	—	—	—	—	F.114.50
10 NL 82-11 86-89								
C	F.305	—	—	—	—	100	7.50	F.112
C	F.110	—	—	100	5.60	—	—	"
C	F.112.50	—	—	100	2.80	—	—	"
P	F.110	250	0.50	—	—	—	—	"
7¾ NL 82 89-93								
C	F.102.50	—	—	80	1.10	—	—	F.100.20
7½ NL 83 87-20								
C	F.100	—	—	1210	1.30	—	—	F.99.80
C	F.102.50	—	—	200	0.70	—	—	"
P	F.100	—	—	800	1.60	—	—	"
		April		July		Oct.		
ABN P	F.280	90	7	—	—	—	—	F.294
AKZO C	F.35	40	5	25	2.50	—	—	F.35.40
AKZO C	F.40	138	1.10	—	—	—	—	"
AKZO P	F.35	86	2.60	21	3.10	—	—	"
AMRO P	F.45	26	4	—	—	—	—	F.44.50
GIST C	F.180	50	8	30	11	—	—	F.184
GIST C	F.190	24	3	23	3	—	—	"
HEIN C	F.100	28	7.80	—	—	—	—	F.100.40
HEIN C	F.110	24	4	26	5.50	—	—	"
HEIN P	F.90	23	2.50	—	—	—	—	"
HOOG C	F.15	—	—	—	—	45	3	F.16
HOOG C	F.17.50	57	0.50	24	1	90	2	"
KLM C	F.120	75	25 A	—	—	—	—	F.157
KLM C	F.130	—	—	20	24	—	—	"
KLM C	F.140	115	12.80	—	—	—	—	"
KLM C	F.150	358	7.50	28	12.50	—	—	"
KLM P	F.110	74	4	—	—	—	—	"
KLM P	F.120	31	3	—	—	—	—	"
KLM P	F.130	71	10.50 A	—	—	—	—	"
KLM P	F.140	75	13.50	—	—	—	—	"
NATN C	F.125	46	8.80	—	—	—	—	F.138.50
PHIL C	F.27.50	120	2.40	2	3.40 A	22	4	F.29.30
PHIL C	F.30	171	1.00	133	2	30	2.20	"
PHIL C	F.32.50	74	0.70	54	1.10	—	—	"
PHIL P	F.27.50	35	0.80	105	1.40	—	—	"
PHIL P	F.30	104	1.90	20	2.70	—	—	"
RD C	F.90	112	7.30	10	10.20	—	—	F.95.10
RD C	F.100	585	0.70	122	4.50	1	7	"
RD P	F.80	70	0.30	—	—	—	—	"
RD P	F.90	335	2.60	100	3.70	—	—	"
RD P	F.100	132	7.10	37	8	—	—	"
UNIL C	F.220	27	2	—	—	—	—	F.181.60
UNIL P	F.190	23	9.50 B	—	—	—	—	"
		Feb.		May.		Aug.		
VW C	DM.150	20	0.80	—	—	—	—	DM154.4

TOTAL VOLUME IN CONTRACTS 11,944

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls April	Calls July	Puts Jan.	Puts April	Puts July
BP (USP 316)	280	38	46	—	0¼	6	—
" "	300	17	30	40	1½	13	22
" "	330	1½	12	24	16	34	42
" "	360	0¼	4	8	46	54	56
CGF (USP 604)	390	117	122	130	1	8	7
" "	420	87	92	100	1	5	10
" "	460	47	63	74	1½	14	20
" "	500	10	32	50	10	35	42
" "	550	2	21	37	50	67	75
CTD (USP 74)	70	5	2	12	1	3	6
" "	80	1	6	7	7	8	12
" "	90	1	1½	—	17	18	—
" "	100	0½	—	—	—	—	—
CUA (USP 142)	120	23	26	28	1	2	3
" "	130	13	17	21	1	4	6
" "	140	4	12	13	4	11	13
" "	160	1	3	7½	21	24	25
CEC (USP 196)	157	40	—	—	2	—	—
" "	167	30	—	—	2	—	—
" "	177	20	—	—	2	—	—
" "	187	10	—	—	2	—	—
" "	197	4	18	—	3	14	—
" "	200	—	—	25	—	—	30
" "	217	1	2	—	25	27	—
" "	220	—	—	13	—	—	37
" "	237	1	3	—	45	47	—
" "	240	—	—	10	—	—	54
" "	260	½	3	3	68	68	72
GMH (USP 334)	214	181	—	—	1	—	—
" "	220	135	—	—	1	—	—
" "	240	95	98	—	1	3	—
" "	260	75	78	—	1	2	—
" "	280	65	58	67	1	3	4
" "	300	35	38	47	1	5	7
" "	330	3	18	27	4	12	13
" "	360	2	10	13	28	33	37
ICI (USP 364)	260	106	114	—	0½	2	—
" "	280	86	94	—	1	2	—
" "	300	66	74	82	1	3	4
" "	330	33	44	54	1	7	10
" "	360	8	20	30	4	13	20
" "	390	2	11	16	38	36	40
LSI (USP 277)	240	38	45	—	1	3	—
" "	260	12	25	33	2	8	11
" "	280	2	14	20	5	14	16
" "	300	1	3	8	24	27	30
M & S (USP 198)	140	59	—	—	—	—	—
" "	160	38	43	—	1	1½	—
" "	180	19	26	31	1	4	3
" "	200	3	13	22	3	12	14
" "	220	1	8	12	24	27	31
" "	240	0½	5	3	44	46	50

Option		Calls Jan.	Calls Apr.	Calls Jul.	Puts Jan.	Puts Apr.	Puts Jul.
SHL (USP 418)	360	56	64	—	0¼	—	—
" "	390	23	36	46	1½	12	13
" "	420	4	18	26	11	30	32
" "	460	1	2	14	50	54	56
BBL (USP 403)	330	—	—	—	2	—	—
" "	360	48	66	65	2	8	13
" "	383	—	—	—	4	—	—
" "	390	20	28	43	7	18	30
" "	420	8	16	25	18	35	45
IMP (USP 121)	90	31	32	—	0½	1	—
" "	100	21	22	—	0½	2	—
" "	110	12	13	20	1	4	6
" "	120	6	10	13	6	8	10
" "	130	3	6	—	11	17	—
LMO (USP 289)	280	38	37	50	10	16	24
" "	300	12	30	40	20	32	42
" "	330	3	17	24	47	52	62
" "	360	5	8	—	77	82	—
" "	390	2	4	—	107	112	—
LNB (USP 96)	60	37	—	—	0¾	—	—
" "	70	27	—	—	1	—	—
" "	80	17	18	22	1	2	2½
" "	90	3½	10	15	1	5	7½
" "	100	3	6	7½	6	12	14
P & O (USP 112)	100	21	24	27	1	3	6
" "	110	12	16	12	2	5	6
" "	120	4	11	13	6	8	14
" "	130	2	5	2	13	13	20
" "	140	1	3	—	22	24	—
" "	150	0½	1	—	42	44	—
RCL (USP 474)	420	57	—	—	2	—	—
" "	460	23	45	60	7	16	20
" "	500	8	27	40	32	37	42
" "	550	2	11	22	80	90	80
" "	600	2	4	10	140	130	130
" "	650	1	2	—	180	190	—
RTZ (USP 494)	360	140	—	—	1	—	—
" "	390	110	112	—	1	2	2
" "	420	80	82	87	1	3	13
" "	460	40	57	62	3	13	20
" "	500	15	36	42	17	30	40
" "	550	3	18	28	37	50	67
VRF (USP 107)	55	52	—	—	0½	1	—
" "	60	47	47½	—	0½	1	—
" "	70	37	37½	38	0½	1	—
" "	80	27	27½	29	0½	2	—
" "	90	17	18	20	0¼	3	4
" "	100	8	11½	18	2	7½	3½
" "	110	3	2	12	7	12	15½
" "	120	1	4½	2	18	12	21

Jan. 24 Total Contracts 4,426 Calls 8,711 Puts 1,715

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd.	215.40			—
Managed Inv. Fd.	146.67	154.30		—
Property Fd.	144.54	152.15		—
Fixed Interest Fd.	137.28	140.47		—
Cash Fd.	130.89	137.36		—
Income Fd.	141.81	149.28		—
Extra Income Fd.	132.99	139.99		—
Worldwide Growth Fd.	186.72	196.55		—
Balanced Fd.	155.85	164.06		—
Smlr Co's & Recy. Fd.	160.05	168.48		—
Int. Technology Fd.	207.87	210.82		—
Nth Amer. & Gen Fd.	131.42	138.30		—
Energy Int. Fd.	84.59	89.05		—
Pacific Basin Fund	113.27	119.24		—

British National Life Assurance Co. Ltd.
Harlands Rd., Haywards Heath. 0444 414111

Equity	93.7	98.6		—
International	98.7	103.9		—
Property	97.2	102.3		—
Deposit	95.3	100.3		—
Fixed Interest	93.6	98.5		—
Managed	96.0	101.1		—
Equity Pens Cap	93.3	98.2		—
Intnl. Pens. Cap.	98.8	104.0		—
Property Pens Cap	97.4	102.6		—
Deposit Pens Cap	95.3	100.3		—
Fixed Int Pens Cap	93.3	98.2		—
Managed Pens Cap	96.0	101.0		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth. Jan 5	83.2			—
Rtmt. Fed. Jan 7	204.4			—
Managed Pen Fund	167.0	175.8		—
Property Pen Fund	109.5	115.3		—
Index Lnkd Pen Fund	119.8	126.2		—
Managed	104.1	109.6	-1.4	—
Property	97.6	102.8		—
Gilt and Fixed Interest	93.9	98.9	-2.0	—
Index-Linked	104.3	109.8		—
Equity	105.0	110.6	-1.4	—
Cash	97.3	102.5		—
Midland Bk. Unit Tst.	102.2	107.6	-1.5	—
Midland Bank Intnl.	118.3	124.6	-0.1	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	118.4	124.7	-0.3	—
GT Pln High Yld Fnd	103.0	108.5		—
GT Plan Far East Fnd	94.5	99.5		—
GT Pln N Am Fund	138.9	146.2		—
GT Pln UK&G E Fnd	118.6	124.9	-0.5	—
GT Pln Wrldwde Fnd	109.8	115.6		—
GT Pension Bnd Fnd	112.5	120.0	-0.4	—
GT Pen High Yld Fd	114.2	120.3		—
GT Pen Far East Fd	99.6	104.9		—
GT Pen N Am. Fd.	168.5	177.4		—
GT Pen UK & G E Fd	128.9	135.7		—
GT Pen Worldwide Fd	114.7	120.8		—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	154.5	162.7		—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		218.9		—
Portfolio Fd. Init.		184.5		—
Portfolio Fd. Cap.		212.1		—
Portfolio Man. Acc.	65.4	68.8		—
Portfolio Man. Init.	58.3	61.4		—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance		1,425		—
Landbank Secs.		64.03		—
Landbank Sec. Acc.	173.5	177.8		—
G. & S. Super Fd.		£10.734		—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101

Guardian Assurance

Property Bonds	298.6	311.0		—

GRE Linked Assurance Limited

Managed Initial	180.5	190.0	-2.1	—
Do. Accum.	197.1	207.5	-2.3	—
Equity Initial	228.7	240.7	-1.9	—
Do. Accum.	[illegible]	252.2	-2.0	—
Fixed Int. Initial	170.9	179.8	-2.7	—
Do. Accum.	186.6	196.4	-2.9	—
International Initial	177.3	186.6	+0.5	—
Do. Accum.	193.6	[illegible]	+0.6	—
Property Initial	121.2	127.6		—
Do. Accum.	132.2	139.2		—
Deposit Initial	119.6	125.9	+0.1	—

OFFSHORE AND OVERSEAS

Westavon Secs. (Guernsey) Ltd
PO Box 214, St Peter Port, Guernsey 0481 27768

Wardley Bond Trust	$10.70	10.90		0.35
Wardley Japan Trust	$19.63	20.34		1.03
Gilt & Option Fd.	99.0	104.0		5.00

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.77	—	-0.11	—

Inv Adv.: M. & G. Inv Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	35.7	37.2		3.10
Chinese Fund	74.0	77.9		1.70
Precious Metal Fund	148.6	154.5		8.30
Vanguard Cmdy Fd.	45.2	46.3		2.26
Financial Futures Fd.	134.3	139.7		—
Wren Intl Fnd	$0.928	0.961		—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. § Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS & HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued.

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

مكتبة بن الاصل

INDUSTRIALS—Continued

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
210	145	Jacksons Bourne	195		5.0	5.1	3.7	12.6
32	19½	James Inds. 10p	20xd		1.25	1.9	8.9	8.4
180	105	♥Jardine M HK$5	135	+3	1092c	2.3	6.6	6.5
48	13	Jenks & Cattell	23	−1	21.0	—	6.2	—
306	187	Johnson Clrs	294	+2	4†7.7	2.3	3.7	16.4
340	227	Johnson Mthy. £1	310	−0	10.0	1.9	4.5	(13.9)
238	98	Johnson Grp 10p	238		4.0	6.2	2.4	9.4
92	64	Jourdan (T.) 10p	92		5.25	0.6	8.2	(32.1)
48	35	Kalamazoo 10p	42		2.5	0.9	8.0	10.3
170	135	Kelsey Inds.	170		8.0	♦	6.7	♦
310	115	Kershaw (A.) 5p	115		21.75	0.5	27.0	(38.9)
55	36	Kleen-E-Ze Hldgs.	39		13.0	0.2	11.0	—
68	44	L.C.P. Hlds.	53	−2	†3.6	0.6	10.0	(38.2)
110	39½	L.R.C. Int. 10p	110	+2	13.1	2.0	4.1	18.4
46	27	Lawtex	27	−1	—	—	—	—
440	277	Lep Group 10p	385		17.5	1.7	6.5	(11.3)
37	22	Lilleshall 10p	23		‡2.5	—	‡	—
483	39	Lon. & Liv. 10p	448	−4	†2.45	2.4	0.8	65.2
116	78	London & Mid'd.	104		7.75	1.1	10.6	(12.4)
62½	36	Lon. & Nthn. Grp.	55		†3.75	2.1	9.7	5.9
43	23	♦Lon. Prv. Health	38½	+½	—	—	—	19.3
10	3½	Long Hmbly. 10p	8½		♦—	—	—	—
65	36	Longton Inds.	63	+1	1.0	—	2.2	—
195	55	Low & Bonar 50p	80	−4	†7.0	0.6	12.5	(17.8)
27½	14	M.Y. Dart. 10p	10		‡0.21	—	‡	—
242	105	McC'rthy Ph. 20p	210		7.0	2.0	4.8	9.7
136	48	Macfarlane Gp.	136	+2	†h3.2	2.5	3.4	15.5
49	28	Macllellan 20p	45	−1	41.43	1.4	4.5	(19.3)
86	40	Macpherson (D.)	51		4.2	1.5	11.8	7.4
62	42½	Magnolia Group	42½		2.3	3.9	7.7	4.3
108	57	Man. Ship Can. £1	90		♦—	—	—	—
57	35	Marley	55	−2	2.25	1.5	5.8	(14.6)
51	29	Marling Ind. 10p	35		1.08	6.7	4.4	3.6
49	26	Marshall L'ey. 'A'	26	−3	2.8	1.9	15.4	(4.1)
88	50	Marshall's Univ	58	−2	0.1	—	0.2	—
37	21½	Martin-Black	23		—	—	—	—
£143	£97	♥Mathesons 7¾%	£113		Q7¾%	2.3	6.9	—

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

1982/83 High	Low
151	90½
182	112
210	116
144	64
152	80
67	55
275	97
185	33
28	14
65	43
151	80
500	149
113	88
145	82½
179	84
440	125
107	76
43	21
18	15
52	28
100	55
215	92
27½	15
93	69

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1982/83 High	Low
21	12
62	38
205	93
272	133
32	14
34	7

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
250	75	Falcon Rh.50c	225	−15	Q25c	10.3	7.7
33	18	Wankie Col. 25$1	10		†Q3c	1.2	11.5
24	12	Zam.Cpr SBD0.24	22	−1	—	—	—

Australians

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
24	10	♥ACM 20c	23	−1	—	—	—
28	6	♥Argosy Gold NL 25c	13		♦—	—	—
62	46	♥Black Hill Mins.	60	−2	—	—	—
151	54	♥Bond Corp	64	+1	Q010c	2.3	10.0
151	58	♥Bougainville 1 Kina	145	−6	†Q6.71c	1.2	‡
259	147	♥CRA 50c	257	−2	†Q5c	—	‡

[illegible]

Tins

[illegible]

Miscellaneous

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
87	20	♥Anglo-Dominion	72		—	—	—
125	23	Anglo Utd Dev.	75		—	—	—
		For Burma see Southwest Res					
150	27	♥Colby Res Corp.	122		—	—	—
440	170	Cons. Murch. 10c	400	−10	‡Q60c	1.9	‡
8	1½	‡‡Explaura Gold	4½		—	—	—
150	55	♥Highwood Res.	137	−3	—	—	—
£40⅛	£25	Homestake Mining $1	£37	+½	Q40c	—	0.7
470	160	Northgate C$1	410	−5	—	—	—
533	344	R.T.Z.	493	−21	16.0	1.6	4.6
£120	£84	Do. 9¼%Cv.Un.Ln.'95-2000	£113	−4	Q9¼%	23.9	18.2
28	11	♥Sabina Inds C$1	23	−2	—	—	—
13	13	‡Southwest Res 10p	13		—	—	—
530	270	♥Tara Exptn $1	515	+23	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♯ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ≠ No par value

B.Fr. Belgian Francs. Fr. French Francs. ♯♯ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1981. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. R Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

			IRISH		
Albany Inv. 20p	48		Exch. 15pc 1983	£100¼	
Bertrams	17≠		Nat. 9¼% 84/89	£79	+1
Bdg'wtr Est 50p	465		Fin. 13% 97/02	£89	−3
Craig & Rose £1	£121½		Alliance Gas	115	
Finlay Pkg. 5p	31		Arnott	188	
Graig Ship. £1	£20	−1	Carroll (P.J.)	80	
Higsons Brew	105		Concrete Prods.	53	
Holt (Jos) 25p	680		Heiton (Hldgs.)	15	
I.O.M. Stm. £1	97		Ins. Corpn Ireland	360	
Pearce (C. H.)	£11¼	−¼	Irish Ropes	26	
Peel Hldgs.	160		Jacob	82	
			T M G	95	
			Unidare	42	

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	15	House of Fraser	15	Uto Drapery	7
BOC Grp.	17	I.C.I.	24	Vickers	12
B.S.R.	6	"Imps"	10	Woolworth Hld.	15
Babcock	10	I.C.L.	8	**Property**	
Barclays Bank	35	Ladbroke	16	Brit. Land	7½
Beecham	35	Legal & Gen.	28	Cap. Counties	12
Blue Circle	44	Lex Service	16	Land Secs.	26
Boots	22	Lloyds Bank	35	MEPC	17
Bowaters	19	"Lots"	4	Peachey	14
Brit. Aerospace	20	London Brick	11	Samuel Props.	10
B.A.T.	50	Lucas Inds.	12	Town & City	3
Brown (J.)	4	"Mams"	12	**Oils**	
Burton Ord.	24	Mrks. & Spncr	16	Brit. Petroleum	26
Cadburys	11	Midland Bank	30	Burmah Oil	12
Courtaulds	8	N.E.I.	9	Charterhall	5
Debenhams	8½	Nat. West. Bank	38	KCA	8
Distillers	20	P & O Dfd.	14	Premier	4
Dunlop	5½	Plessey	50	Shell	35
Eagle Star	30	Racal Elect.	45	Tricentrol	22
F.N.F.C.	4	R.H.M.	6	Ultramar	42
Gen. Accident	30	Rank Org. Ord.	15	**Mines**	
Gen. Electric	24	Reed Intnl	26	Charter Cons	20
Glaxo	90	Sears	9	Cons. Gold	40
Grand Met.	25	T I	15	Lonrho	0
G U S 'A'	50	Tesco	0	Rio T. Zinc	42
Guardian	35	Thorn EMI	38		
G K N	15	Trust Houses	15		
Hawker Sidd.	30	Turner & Newall	4		
		Unilever	85		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 25

Companies and Markets

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling at record low against dollar

Sterling fell to its worst level ever against the dollar yesterday as the market reacted to suggestions by the Saudi Arabian oil minister that North Sea oil prices may fall. Trading had already been unsettled by the failure of OPEC to agree on prices or production levels. The downward trend was also accelerated by a sharp improvement in the dollar. This followed last Friday's higher than expected M1 money supply figure, a very large U.S. funding programme and fading hopes of an early cut in the U.S. discount rate.

STERLING—Trading range against the dollar in 1982-83 is 1.9265 to 1.5405 December average 1.6176. Trade weighted index 81.8 against 82.5 at noon and 83.0 at the opening and compared with 82.8 on Friday and 91.0 six months ago. Sterling has been very weak on fears of an early general election and forecasts that world oil prices will remain under downward pressure, leading to worsening of Britain's balance of payments. Although the pound has stabilised against European currencies it is now trading at an all time low against the dollar.

Sterling opened at $1.5610-1.5635 against the dollar, its best level of the day and quickly fell to $1.5450. By noon it had briefly touched $1.55 before settling back to $1.5450. News of the Opec meeting saw sterling fall to $1.5380 but it recovered to $1.5450 soon after. However, suggestions of a lower North Sea oil price pushed the pound to an all time low of $1.5325. A slight turnaround at the end of the day helped sterling come back to close at $1.5400-1.5410, a fall of 2.85c. Against the D-mark it eased to DM 3.8025 from DM 3.8325 but was unchanged against the Swiss franc at SwFr 3.1250. It edged a little higher against the yen to Y370.75 from Y370.5 but slipped in terms of the French franc to FFr 10.76 from FFr 10.8450.

DOLLAR—Trade weighted index (Bank of England) 121.4 against 118.3 six months ago. The dollar has returned to favour in the last few days as hopes of an early cut in the U.S. discount rate receded.

The dollar closed at DM 2.4670 against the D-mark up from DM 2.4460 and SwFr 2.0275 from SwFr 1.9940. It was also firmer against the yen at Y240.60 from Y236.50 and FFr 6.9850 compared with FFr 6.9275.

D-MARK — Trading range against the dollar in 1982-83 is 2.5940 to 2.2410. December average 2.4225. Trade weighted index 127.0 against 125.8 six months ago. The D-mark has shown a weaker tendency recently in the run up to a March general election. But as the possibility of an interest rate cut before the election recedes so the D-mark has been steadier overall, helped by an improving balance of payments position.

The D-mark was mostly weaker at yesterday's fixing in Frankfurt. Attention focussed on the dollar's strong performance with the U.S. unit fixed at DM 2.4781 up from DM 2.4280 and there was no intervention by the Bundesbank. Sterling improved to DM 3.8310 from DM 3.8260 and the Dutch guilder was higher at DM 81.34 per Fl 100 from DM 91.24. The Belgian franc also recovered to DM 5.129 per BFr 100 from DM 5.1130.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 24	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	44.9526	−0.04	+1.04	±1.5501
Danish Krone ...	2.23400	2.09477	−1.09	−0.01	±1.6430
German D-Mark	2.33379	2.30688	−1.20	−0.12	±1.0888
French Franc ...	6.61387	6.53069	−1.26	−0.18	±1.3940
Dutch Guilder ...	2.57971	2.52382	−2.17	−1.09	±1.5004
Irish Punt	0.691011	0.690803	−0.03	−1.05	±1.6691
Italian Lira	1350.27	1321.77	−2.11	−1.63	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Jan. 24	£	$		£ Note Rates
Argentina Peso	80,553 80,503	52,160-52,210	Austria	26.75-27.00
Australia Dollar..	1.5165-1.5805	1.0065 1.0215	Belgium	77½-78½
Brazil Cruzeiro	416.31 417.31	268.28 270.03	Denmark	13.38-13.02
Finland Markka..	8.3515-8.3725	5.4270-5.4280	France	10.80-10.90
Greek Drachma..	128.432 131.691	84.20-84.50	Germany	3.81½-3.85½
Hong Kong Dollar	10.16½ 10.18½	6.6100-6.6150	Italy	2100 2005
Iran Rial.	132.50*	83.10*	Japan	315-319
Kuwait Dinar KD	0.441 0.448	0.2812 0.2813	Netherlands	4.11½-4.21½
Luxembourg Fr..	74.20-74.30	48.18 48.20	Norway	11.01-11.11
Malaysia Dollar..	3.5150 3.5260	2.2840-2.2860	Portugal	160-195
New Zealand Dlr.	2.1330 2.1430	1.3870 1.3800	Spain	185¼-209
Saudi Arab. Riyal	5.2870-5.2930	3.4400 3.4415	Sweden	11.51-11.01
Singapore Dollar	3.20 3.21	2.0815 2.0830	Switzerland	3.13½-3.11½
Sth. African Rand	1.6450-1.6460	1.0680 1.0685	United States	1.53½-1.55½
U.A.E. Dirham.	5.6435-5.6508	3.6100-3.6135	Yugoslavia	120-135

*Selling rates.

CURRENCY MOVEMENTS

Jan. 24	Bank of England Index	Morgan Guaranty Change %
Sterling	81.8	−38.5
U.S. dollar	121.4	+11.5
Canadian dollar	90.1	−11.4
Austrian schilling	110.8	+28.6
Belgian franc	94.1	−8.8
Danish kroner	85.6	−10.4
Deutsche mark	127.0	+53.7
Swiss franc	152.1	+108.6
Guilder	118.8	+81.1
French franc	75.4	−18.5
Lira	53.1	−58.8
Yen	143.0	+36.5

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Jan. 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.689502	0.603220
U.S. $	8½	1.06128	0.800166
Canadian $	0.91	*	1.13815
Austria Sch	4¾	18.8176	16.1156
Belgian F	11½	52.2301	44.8526
Danish Kr	10	9.41202	8.09477
D mark	5	2.67851	2.30588
Guilder	4½	2.93170	2.52380
French F	9½	7.58814	6.53068
Lira	18	1537.02	1321.77
Yen	5½	256.089	224.801
Norwgn Kr	9	7.77018	6.68951
Spanish Pta	—	141.815	121.570
Swedish Kr	9	8.07101	6.96136
Swiss Fr	4½	2.19892	1.88935
Greek Dr'ch	20½	91.2009	78.5060

*CS/SDR rate for Jan 21: 1.34271.

THE POUND SPOT AND FORWARD

Jan 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5325-1.5625	1.5400-1.5410	0.37-0.32c pm	2.69	0.83-0.78 pm	2.09
Canada	1.8970-1.9250	1.8975-1.8985	0.25-0.15c pm	1.26	0.48-0.38 pm	0.91
Nethlnd.	4.15-4.21	4.15½-4.16½	2¼-2¼c pm	7.21	2⅞-5⅛ pm	0.37
Belgium	73.96-74.85	74.20-74.30	6-15c dis	−1.82	35-45 dis	−2.15
Denmark	13.30-13.47	13.31-13.32	8¼-9¼ore dis	−8.17	24½-25½dis	−7.53
Ireland	1.1360-1.1500	1.1380-1.1400	0.43-0.48p dis	−4.79	1.06-1.18dis	−3.97
W. Ger.	3.79-3.84	3.79¾-3.80¾	2¼-1⅞pf pm	6.71	5⅝-5¼ pm	5.79
Portugal	145.75-150.75	146.25-148.25	350-1210c dis	−63.57	695-2255dis	−40.07
Spain	200.25-202.25	200.80-201.10	85-120c dis	−8.12	305-365 dis	−6.87
Italy	2,167-2,201	2,178-2,180	10-15lire dis	−6.88	49-54 dis	−9.45
Norway	10.97-11.13	11.02-11.03	⅞-2ore dis	−1.56	5⅛-6⅛ dis	−2.06
France	10.75-10.87	10.75½-10.76½	1½-3½c dis	−2.79	18½-21½dis	−7.43
Sweden	11.47-11.57	11.53-11.54	1½-¾ore pm	1.17	1-⅞ pm	0.20
Japan	369-375	370¼-371¼	1.90-1.70y pm	5.83	4.80-4.60 pm	5.07
Austria	26.70-26.95	26.72-26.77	14⅛-12⅛gro pm	5.92	36¼-32¼ pm	5.15
Switz.	3.11-3.15½	3.12-3.13	3-2⅛c pm	10.56	7-6½ pm	8.64

Belgian rate is for convertible francs. Financial franc 77.05-77.15. Six-month forward dollar 1.35-1.30c pm. 12-month 2.20-2.05c pm.

THE DOLLAR SPOT AND FORWARD

Jan 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5325-1.5625	1.5400-1.5410	0.37-0.32c pm	2.69	0.83-0.78 pm	2.09
Ireland†	1.3440-1.3656	1.3540-1.3555	1.10-1.00c pm	9.35	2.45-2.25 pm	6.97
Canada	1.2315-1.2345	1.2315-1.2325	0.15-0.18c dis	−1.90	0.36-0.39dis	−1.22
Nethlnd.	2.6980-2.7765	2.6970-2.7000	1.08-0.98c pm	4.56	2.87-2.77 pm	4.18
Belgium	48.18-48.35	48.18-48.20	13-16c dis	−3.61	51-56 dis	−4.44
Denmark	8.6800-8.7150	8.6850-8.6950	5¼-6¼ore dis	−0.64	15½-16½dis	−1.37
W. Ger.	2.4640-2.4820	2.4665-2.4675	0.84-0.79pf pm	3.96	2.39-2.34 pm	3.83
Portugal	94.00-99.00	95.00-97.00	250-800c dis	−65.62	500-1500dis	−41.67
Spain	130.40-130.75	130.50-130.55	90-105c dis	−8.94	275-305 dis	−8.87
Italy	1,413-1,422½	1,414½-1,415½	13-15lire dis	−11.84	44-47 dis	−12.82
Norway	7.1520-7.1870	7.1525-7.1625	1.80-2.80ore dis	−3.86	0.75-7.75dis	−4.06
France	6.9800-7.0250	6.9825-6.9875	3.30-3.80c dis	−6.08	16¼-17¼ dis	−9.85
Sweden	7.4630-7.4910	7.4860-7.4910	0.30-0.80ore dis	−0.88	2.50-3.00dis	−1.47
Japan	239.90-242.25	240.55-240.65	0.60-0.53y pm	2.82	1.70-1.60 pm	2.74
Austria	17.34½-17.40½	17.34½-17.36½	5.40-4.60gro pm	3.45	15¼-12¼ pm	3.22
Switz.	2.0150-2.0360	2.0270-2.0280	1.32-1.27c pm	7.66	3.34-3.29 pm	6.54

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 50.00-50.10.

EXCHANGE CROSS RATES

Jan. 24	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.541	3.803	370.8	10.76	3.125	4.160	2178.	1.898	74.28
U.S. Dollar	0.649	1.	2.468	240.7	6.986	2.028	2.700	1414.	1.232	48.20
Deutschemark	0.263	0.405	1.	97.50	2.830	0.822	1.094	573.0	0.499	19.53
Japanese Yen 1,000	2.697	4.155	10.26	1000.	29.02	8.429	11.22	5877.	5.119	200.3
French Franc 10	0.929	1.432	3.534	344.6	10.	2.904	3.866	2025.	1.764	69.01
Swiss Franc	0.320	0.493	1.217	118.6	3.443	1.	1.331	697.3	0.607	23.76
Dutch Guilder	0.240	0.370	0.914	89.13	2.587	0.751	1.	523.9	0.456	17.85
Italian Lira 1,000	0.459	0.707	1.745	170.1	4.938	1.434	1.909	1000.	0.871	34.08
Canadian Dollar	0.527	0.812	2.003	195.3	5.660	1.646	2.192	1148.	1.	39.13
Belgian Franc 100	1.347	2.075	5.121	499.3	14.49	4.209	5.603	2936.	2.556	100.

MONEY MARKETS

UK rates firmer on weak pound

UK clearing bank base lending rate 11 per cent (since January 12 and 13)

UK interest rates were firmer yesterday as sterling fell sharply in currency markets. The market was also affected by a rise in U.S. discount rates as hopes of an early discount rate cut receded. However, short-term rates were relatively steady as the Bank of England sought to head off any possible build up of pressure on base rates. Overnight interbank money opened at 11¼-11½ per cent and rose to 11½-11¾ per cent before coming back to nearer 11 per cent. Rates were soon firmer, touching 11¼-11½ per cent before slipping away to 5-7 per cent. Late demand saw balances taken at nearer 10 per cent.

The Bank forecast a shortage of around £750m with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills—£845m and Exchequer transactions —£70m. These were partly offset by a fall in the note circulation of £220m. The Bank gave assistance in the morning of £511m, making purchases of £190m of eligible bank bills in band 2 (15-33 days) and £253m in band 3 (34-63 days). In band 4 it bought £68m of local authority bills (64-91 days) and £67m of eligible bank bills (64-84 days). All bills were bought at a rate of 11 per cent. In addition it arranged sale and repurchase agreements on £233m of bills at 11 per cent.

The shortage was revised to £800m before taking into account the morning's help and the Bank gave further assistance of £79m, making a total for the day of £590m. The afternoon help was made up of purchases in band 2 of £50m of eligible bank bills and in band 4 £25m of local authority bills and £4m of eligible bank bills all at 11 per cent.

In Frankfurt upper pressure tended to dissipate as the effects of currency swops arranged on Friday by the Bundesbank started to be felt. Call money had risen to around the lombard rate of 6 per cent.

In Paris call money was fixed lower at 12⅝ per cent compared with 12⅞ per cent following Friday's injection of some FFr 10bn into the market by the authorities at an unchanged rate of 12¾ per cent.

In Amsterdam call money was cut to 3.5 per cent from 4.75 per cent as conditions eased due to large Government disbursements. Funds were also finding their way into the market as a result of central bank intervention in the foreign exchange market to help prop up the Belgian franc.

LONDON MONEY RATES

Jan. 24 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ϕ	Eligible Bank Bills ϕ	Fine Trade Bills ϕ
Overnight	—	6-11¼	—	—	—	8-11½	8-11	—	—	—
2 days notice	—	—	11¼-11⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11⅛	—	—	—	—
7 days notice	—	11½-11¾	11¼-11⅜	—	—	11⅛	11	—	—	—
One month	11⅝ 11⅛	11½ 11⅞	11⅜-11½	12¼-11⅛	11½	11⅝	11	11⅛	11⅛	11⅝
Two months	11⅛-11⅛	11½-11¾	11⅞	12-11⅝	11⅝	11⅞	10⅞	11⅛	11⅛	11⅝
Three months	11½ 11⅝	11½ 11¾	11⅛-11⅝	12-11⅝	11¾	—	10¾	11⅛	10⅞	11⅝
Six months	11⅛-11⅛	11⅝-11⅝	11½	11¾-11⅝	11⅝	—	—	—	10⅞	11½
Nine months	11⅛-11⅛	11¼-11⅛	—	11¾-11⅝	11⅝	—	—	—	—	—
One year	11⅛-11⅛	11¼-11⅛	11⅜-11½	11⅝-11¼	11⅝	—	—	—	—	—
Two years	—	—	11⅛-11⅝	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 8 1982 to January 4 1983 (inclusive): 10.833 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11⅝-11¾ per cent; four years 11¾-11⅞ per cent; five years 12 per cent. ϕBank bill rates in table are buying rates for prime paper. Buying rate for four month bank bills 11 per cent; four month trade bills 11⅝ per cent.

Approximate selling rate for one month Treasury bills 10[15/16] per cent; two months 10[15/16] per cent and three months 10[15/16] per cent. Approximate selling rate for one month bank bills 11⅛ per cent; two months 11[1/16] per cent and three months 11[1/16] per cent; trade bills 11[9/16] per cent; two months 11[9/16] per cent and three months 11[9/16] per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 10½ per cent from January 1 1983. London and Scottish Clearing Bank Rates for lending 10-10½ per cent. London Deposit Rates for sums at seven days' notice 1-8 per cent.

Treasury Bills: Average tender rate of discount 10.7530 per cent. Certificates of Tax Deposit (Series 8). Deposits of £100,000 and over held under one month 11½ per cent; one-three-month 11⅛ per cent; three-12-month 11⅛ per cent. Under £100,000 11 per cent from January 17. Deposits held under Series 3-5 11⅛ per cent. The rate for all deposits withdrawn for cash 9½ per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 24	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	11½ 11⅝	11½ 11⅝	11⅛-11⅛	11⅛-11⅛	11½-11⅝	11⅝ 11½
U.S. Dollar	8⅝-9	8 9¼	9⅛-9⅛	9⅛-9⅛	9⅛-9⅛	9⅛ 9⅛
Can. Dollar	11-11½	10½-11	10½ 10⅝	10⅝-10⅝	10¼-10½	10½ 10½
D. Guilder	4¼-4⅝	4⅝ 4⅝	4⅛ 5	4½ 5⅛	5 5⅛	5⅛-5⅛
S. Franc	1¼-1½	4⅛ 5⅛	2⅛-2⅛	2⅝-2⅞	3⅛-3⅛	3⅛ 3½
Deutschm'rk	5⅛-5⅛	5⅛ 5⅛	5½ 5⅝	5½-5⅝	5⅛-5⅛	5⅝-5⅝
Fr'nch Franc	12½-13½	12½ 13½	14¾-15½	19 19¾	19-19¾	17¾-19½
Italian Lira	16 19	16¾ 19⅝	17⅝ 19⅝	20⅞ 21⅞	21⅝-22⅝	21¼-22½
Belg. Franc..						
Conv.	11 12	11⅛-13½	12⅝-13⅝	13½-14½	13½-14½	13⅛-13⅝
Fin.	11¼ 12¼	12⅛ 13⅝	12¼-13¼	12¼-12½	13¼-12½	13¼ 13½
Yen	6⅝ 6⅝	6⅝ 6⅛	6⅝ 6¾	6⅝-6¾	6½-6⅝	6⅝-6¾
D. Krone	19½-20	19½-19¾	18½ 19	19⅞ 19⅝	19⅝-19⅞	17⅞-19⅝
Asia $ Sing.	8.9⅛	8½-9¼	9⅛-9⅛	9⅛ 9⅛	8½-9⅝	9⅝-9¾

FT LONDON INTERBANK FIXING

(11.00 a.m. JANUARY 24)

3 months U.S. dollars		6 months U.S. dollars	
bid 8 1/4	offer 8 3/8	bid 8 7/16	offer 8 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	8⅝-8¾
Treasury bills (13-week)	8.09
Treasury bills (26-week)	8.10

GERMANY

Lombard	6.0
Overnight rate	6.0
One month	5.075
Three months	5.975
Six months	5.285

FRANCE

Intervention rate	12.375
Overnight rate	12.625
One month	12.6875
Three months	12.6875
Six months	12.50

JAPAN

Discount rate	5.5
Call (unconditional)	6.78125
Bill discount (3-month)	6.84375

SWITZERLAND

Discount rate	4½
Overnight rate	1½-2½
One month	2½-2¾
Three months	2⅝-2⅞

NETHERLANDS

Discount rate	4½
Overnight rate	3½-4½
One month	5-5⅛
Three months	4¾-5⅛
Six months	4⅞-5

$ CERTIFICATES OF DEPOSIT

One month	8.55-8.69
Three months	8.65-8.75
Six months	8.90-9.00
One year	9.15-9.35

LONG TERM EURO $

Two years	10⅝-10⅞
Three years	11⅛-11⅜
Four years	11⅜-11⅞
Five years	11¾-12

SDR LINKED DEPOSITS

One month	6⅝-9⅛
Three months	9⅛-9⅝
Six months	9⅛-9⅝
One year	9⅛-9⅝

ECU LINKED DEPOSITS

One month	10⅛-10⅞
Three months	11⅛-11⅞
Six months	11⅛-11⅞
One year	10⅝-11⅛

FINANCIAL FUTURES

Gilts go limit down

Trading was dominated by the weakness of sterling in the London International Financial Futures Exchange yesterday. The market opened to a much stronger dollar as the probability of an imminent cut in the U.S. discount rate receded in the face of an unexpected rise in U.S. M1 money supply and a 12 per cent rise in durable goods orders. Disappointment in the cash market was matched in futures trading with the March contract on the long gilt opening at 98-22 compared with Friday's close of 100-02, and falling to a limit price of 98-02 just before 11 am.

Trading resumed after the obligatory one-hour break and after a brief hiccup, gilts continued to fall away. Failure to reach any decision on prices or production at the OPEC meeting had been an unsettling factor, but comments later in the day by the Saudi Arabian oil minister suggesting a reduction in North Sea oil prices prompted another sharp decline and the March price touched a record low of 97-19 before recovering to 97-23, a fall of 2 11/32. Short sterling was also hard hit although not quite as badly as gilts as the market noted attempts by the authorities to keep short-term rates under control. The March price opened at 89.20 and saw a low of 89.04 before finishing at 89.13 compared with 89.57 on Friday.

Prices in the Euro-dollar deposit sector tended to reflect a rise in the cash market and the March contract opened at 90.70 down from 90.95 and continued to fall before recovering to trade in a narrow range. The open outcome of the Opec meeting and a slightly firmer Federal funds rate left the market rather nervous and uncertain and a little light profit taking towards the close saw the March price close at 90.58, a little above the day's low of 90.51.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.58	90.72	90.51	90.95
June	90.27	90.40	90.21	90.60
Sept	90.00	90.12	89.95	90.44
Dec	89.63	89.63	89.60	90.00
March	89.40	89.40	89.40	89.77

Volume 1,627 (1,354)
Previous day's open int. 3,381 (3,128)

THREE-MONTH STERLING DEPOSIT

	Close	High	Low	Prev
March	89.13	89.25	89.04	89.57
June	89.26	89.37	89.25	89.67
Sept	89.23	89.23	89.23	89.55

Volume 1,124 (927)
Previous day's open int. 2,774 (2,507)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	97-23	98-22	97-17	100-02
June	97-14	98-06	97-14	99-23

Volume 1,260 (1,547)
Previous day's open int. 2,387 (2,049)
Basis quote (clean cash price of 15½% Treasury 1998 less equivalent price of near futures contract) −4 to 06 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.5417	1.5475	1.5370	1.5710
June	1.5347	1.5405	1.5347	1.5660

Volume 289 (369)
Previous day's open int. 979 (895)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.4058	0.4070	0.4049	0.4130
June	0.4096	0.4101	0.4096	0.4165

Volume 89 (53)
Previous day's open int. 269 (233)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.4974	0.4998	0.4737	0.5081
June	0.5048	0.5048	0.5048	0.5156

Volume 112 (30)
Previous day's open int. 195 (206)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4165	0.4165	0.4137	0.4256
June	0.4190	0.4190	0.4180	0.4284

Volume 82 (10)
Previous day's open int. 132 (129)

CHICAGO

U.S. TREASURY BONDS (CBT) 8 per cent $100,000 32nds of 100 per cent.

	Latest	High	Low	Prev
Mar	74-08	74-13	73-28	74-22
Jun	73-20	73-23	73-06	74-01
Sept	73-05	73-07	72-25	73-17
Dec	72-26	72-27	72-19	73-05
Mar	72-17	72-17	72-05	72-27
Jun	72-09	72-09	71-29	72-19
Sep	72-03	72-03	71-25	72-13
Dec	71-30	71-30	71-19	72-08
Mar	0	0	0	72-04
Jun	71-22	71-29	71-12	72-00

U.S. TREASURY BILLS (IMM) $1m points of 100 per cent.

	Latest	High	Low	Prev
Mar	91.91	91.94	91.77	92.05
Jun	91.59	91.61	91.42	91.72
Sept	91.30	91.32	91.21	91.45
Dec	90.99	91.02	90.94	91.14
Mar	90.77	90.78	90.73	90.88
Jun	90.50	90.59	90.55	90.73
Dec	90.41	90.41	90.41	90.41

CERT DEPOSIT (IMM) $1m points of 100 per cent.

	Latest	High	Low	Prev
Dec	89.98	90.04	89.93	90.18
Mar	90.97	90.98	90.82	91.13
Jun	90.55	90.59	90.44	90.74
Sept	90.27	90.27	90.10	90.40

THREE-MONTH EURODOLLAR (IMM) $1m points of 100 per cent.

	Latest	High	Low	Prev
Mar	90.37	90.38	90.21	90.53
Jun	90.00	90.02	89.91	90.17
Sept	89.73	89.74	89.65	89.84
Dec	89.47	89.52	89.45	89.69
Feb	0	0	0	0

STERLING (IMM) Se per £

	Latest	High	Low	Prev
Mar	1.5365	1.5415	1.5295	1.5655
Jun	1.5320	1.5355	1.5255	1.5600
Sep	1.5240	1.5320	1.5240	1.5540
Dec	1.5190	1.5310	1.5190	1.5610
Mar	0	0	0	0
Jun	0	0	0	0

GNMA (CBT) 8 per cent $100,000 32nds of 100 per cent.

	Latest	High	Low	Prev
Mar	68-17	68-24	68-02	69-06
Jun	67-19	67-24	67-03	68-06
Sept	66-31	67-04	66-23	67-20
Dec	66-21	66-23	66-09	67-06
Mar	66-07	66-07	65-31	66-26
Jun	65-29	65-29	65-24	66-12
Sep	65-18	65-22	65-13	66-07
Dec	65-11	65-12	65-10	65-31
Mar	0	0	0	65-24
Jun	0	0	0	65-18

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on January 24 1983. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Offshore and Managed Funds—continued

Schroder Mngt. Services (Jersey) Ltd.
P.O. Box 105, St. Helier, Jersey. 0534 27551

Sterling	£10.2600	+0.0220	—
Sterling	£13.2608	+0.0220	—
U.S. Dollar	US$25.0000	....	—
Deutschmark	DM50.0000	....	—
Swiss Franc	SF 50.000	....	—